ELEKTRO MARIBOR

Energy for me!

CONTENTS

COMPETITIVENESS

Golden Fox

As a company, which is part of its broader community, we partake in important local events through sponsorships and grants. Just like in the previous years, we participated in the organization of the Golden Fox in 2008. This event has the longest tradition in the international skiing federation among world cup events. It celebrated its 45th anniversary in 2008.

1 INTRODUCTION

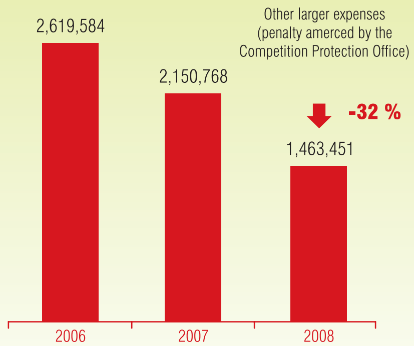
INTRODUCTION

1.1 Achievements of the company Elektro Maribor d. d.

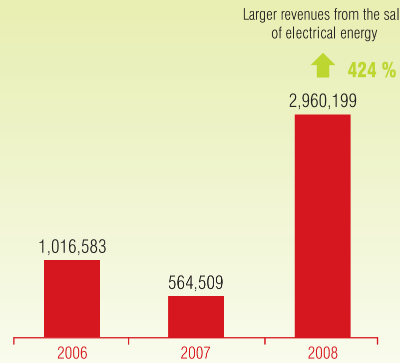
Despite the world financial and economic crisis, the company Elektro Maribor d. d. performed successfully in 2008, since it net profit or loss was 16 % higher as it had been planned for 2008.

Key information on operating activities

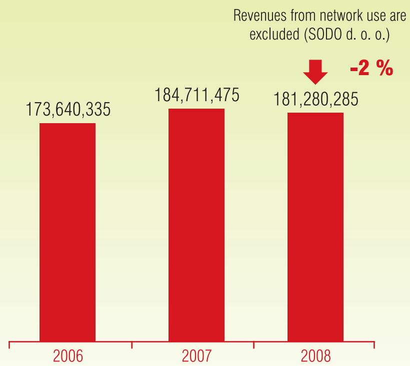
DATA	2006	2007	2008
Net profit in EUR	2,619,584	2,150,768	1,463,451
EBIT (Profit and loss results) in EUR	1,016,583	564,509	2,960,199
EBITDA (Profit and loss results + amortization/depreciation expense) in EUR	19,483,425	19,373,591	24,340,212
Cash flow in EUR	26,342,447	24,890,725	26,593,451
Net sales in EUR	173,640,335	184,711,475	181,280,285
Net profit per employee from hours in EUR	202,759	215,778	218,450
Value added in EUR	40,775,935	41,600,176	48,331,390
Value added per employee from hours in EUR	47,614	48,597	58,241
Assets as at December 31st - in EUR	280,436,676	303,043,957	321,405,893
Equity as at December 31st - in EUR	221,188,123	222,681,275	222,565,470
Investments in EUR	24,142,159	26,289,374	31,776,183
Payout of dividend per share in EUR	0.05	0.02	0.03
Sold electrical energy in MWh:	2,242,484	2,288,481	2,000,818
- household consumers	719,060	708,305	750,286
- business consumer	1,523,424	1,580,176	1,250,532
Number of consumers	204,237	203,125	201,297
Sold MWh per number of consumers	10.98	11.27	9.94
Distributed electrical energy in MWh	2,020,984	2,091,867	2,164,069
Market share on sale of electrical energy	23.33 %	22.49 %	20.91 %
Number of employees as at December 31st	864	849	837
Share of women in the total number of employees as at December 31st	15.0 %	15.2 %	15.2 %
Average age of employees as at December 31st	41.4	41.8	41.9



Net profit (in EUR)

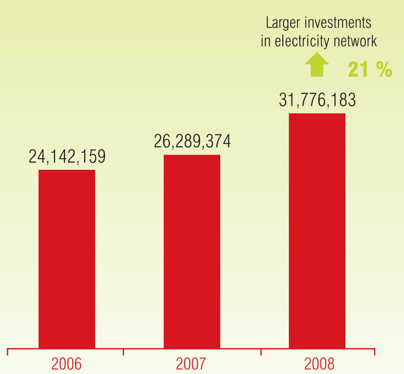


Profit and loss account (in EUR)

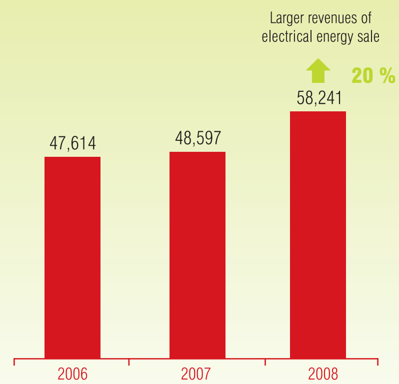


Net sales revenues (in EUR)

Quantity of sold energy (in MWh)



Investments (in EUR)



Value added per employee (in EUR)

1.2 Major events in 2008

Trademark OVEN

We have been facing increasing climate changes in the last decade. These occur as consequences of more and more intensive use of fossil fuels and by that increased concentration of carbon dioxide and other greenhouse gases in the atmosphere. Elektro Maribor d. d. is aware of that fact and has therefore developed a trademark OVEN to take care of a better future. OVEN integrates engineering, construction, generation and marketing of electrical energy from renewable sources. To choose production of electrical energy from renewable sources is a huge investment in the environment and a gift for the next generations.

Opening of transformer station Koroška vrata

In July, we handed over a new transformer station Koroška vrata, which should disburden the overburdened transformer station Melje and by that increase efficiency and quality of electrical energy supply to the consumers of the left bank of Drava River. The connection between Melje and Koroška vrata is in its entirety established with an underwater or sea cable, used through out the world to connect an island to the land or to cross rivers, but it is very rarely laid along the river in the direction of the stream.

Photovoltaic

We pride ourselves with 90 years of tradition, experience and expert staff, that allows us to offer integrated services and products of quality to our customers. As initiators of development of many services in the field of electricity distribution with construction of photovoltaic systems, we offered our customers new and nature friendly source for generation of electrical energy - a solar turnkey basis power station.

Competition Protection Office procedure

After the price of electrical energy had been increased as of January 1st 2008, the Competition Protection Office initiated a procedure against electricity distribution companies. In an order, issued in August, it reproached them with concerted action when increasing prices of electrical energy for household consumers, since they allegedly announced price increase at the same time, for almost the same amount and as of the same day. According to the CPO this prevented and distorted competition in the Republic of Slovenia. In October, the CPO issued an order and imposed a penalty, against which we filed a request for judicial protection at the competent authority.

Responsibility towards the environment

Along the concern for the quality of the supplied electrical energy and services, we also take care for the environment and the territory. We prove our social responsibility by consistent obedience to the laws and other requirements. For that purpose we printed two pamphlets for our partners and employees, where we presented our environmental policy.

Energy Fair

By tradition we presented ourselves on biennial international Energy Fair in Celje in 2008 as well. Next to our services and products we also presented a new renewable energy sources trade mark OVEN.

eServices

Elektro Maribor d. d. offered a new internet application (eServices) to its customers. The internet application allows our household and business customers to arrange certain matters from their homes. The application offers great functionality 24 hours a day, without queuing and free of charge.

1.3 Management Board Report

Last years were affected by huge changes in the electrical energy sector. 2008 was a year of many challenges, changes, internal processes, development and above all a year of realized goals and good results. We achieved all that with our knowledge and experience, acquired when striving to adapt to many changes.

The foundation of our operating activities was an economic plan, confirmed by the supervisory board. Operating activities were concluded with a profit in the amount of 1,463,451 EUR, which is 16 % more as it had been planned.

Sale of the electrical energy dropped at the end of the year, as well as purchase prices of electrical energy for the future years began to decrease. Beside basic supply, we offer several electrical energy packages to households. Last year, together with our subsidiary company for generation of electrical energy, we developed the trademark OVEN, an integral approach to renewable sources of energy that encompasses production as well as an offer to construct photovoltaic power stations. This project shows our devotion to protect the environment for our and future generations. The company is aware that only similar projects can participate as the solution of growing environmental problems.

High prices of electrical energy in the Middle European region and consumption, growing fast in Slovenia, forced us to raise prices of electrical energy for household consumers in the beginning of 2008. This unavoidable step was surprisingly followed by initiation of procedure by the Competition Protection Office. CPO reproached us and four other electricity distribution companies with concerted action, because we increased prices of electrical energy for household consumers and allegedly announced price increase at the same time, for almost the same amount and as of the same day, and consequently imposed a penalty upon us. The company strived to create maximum benefits for consumers and itself. As regards to the fact that this sector had been regulated for only a few months, any other decision would be unfavorable for the company. We filed a complaint against the order of the CPO, but the procedure has not been concluded yet.

The activities of the electricity network in the area of the company Elektro Maribor in the previous year went according to the plan, according to some indicators even better than that. Consumption of electrical energy increased for 2,4 % compared to 2007, while the peak power grew for 2,3 % compared to 2007. Because of the extreme average age of the facilities, the maintenance costs grew for 5 % compared to 2007. Realization of investments in the amount 31,776,183 EUR was higher as planned.

Extensive investments in electricity network are necessary to assure reliable, undisturbed and quality electrical energy supply. They are also required because of the irrepressible growth of electrical energy consumption, which is why we try to assure larger capacity of the network. In the foreground are investments in 100kV objects, which will assure undisturbed supply with electrical energy to our customers. One of the most important investments is construction of a new transformer station Koroška vrata that will essentially affect the quality, reliability and undisturbed supply with electrical energy to the center of city of Maribor.

We are aware we can help informing citizens about rational use of electrical energy. We inform our customers constantly about efficient use of energy. Suggestions how to rationally use electrical energy can be found on our web page in the rubric “Saving”, but they are also mentioned in our letters, pamphlets and other promotion material of the company.

The modernized call center represents a foundation for higher quality of services on the level of communication with customers. The new center will allow quicker communication, shorter waiting time, quicker removal of errors and above all precise information about disturbances in electrical energy supply.

In 2008 we established and certified a system of safety and health at work according to OHSAS 18001:2007 standard and combined it with the quality management system into one unique management system that fulfills the requirements of all the above mentioned standards.

In 2009 we intend to introduce information security system according to ISO/IEC 27001:2005 standards and begin with preparations to establish self-evaluation system.

Qualifications, knowledge and motivation of the employees are crucial for reaching goals, but the role of the employees will be particularly important in the difficult conditions and severe economic situation foreseeable in 2009, that will affect our company as well. We will have to be even more engaged in order to control negative influences.

We will dedicate our special attention to the sale of electrical energy and related payments, as well as communication with consumers.

President of the management board:
Stanislav Vojsk, B. Sc. El. Eng.

1.4 Supervisory Board Report

The company supervisory board monitored the management of company operations in the financial year 2008 on the basis of competences and authorizations defined in the Companies Act, the Statute of company Elektro Maribor d. d. and provisions of the Management code for publicly traded companies.

The supervisory board consisted of the following members in the financial year 2008: Rajko Fajt, president, Slavko Visenjak, vice-president, Milan Mendaš, member, Matjaž Rutar, member, Anton Jaušovec, member, and Miroslav Pečovnik, member.

At seven regular and six correspondence sessions, the supervisory board reviewed and gave its consent to the following acts and business decisions:

1. reviewed and confirmed the economic plan for the financial year 2008;
2. reviewed the annual report for 2007;
3. agreed to the proposal of the management board of the company on the distribution of the net profit of the financial year and the balance sheet profit for the year 2007;
4. reviewed the material of the 12th regular Annual General Meeting, which took place on August 26th 2008;
5. agreed to the signing of the Annex no. 1 to the Contract on the leasing of the electrical energy distribution infrastructure and implementation of services for SODO d. o. o., Electrical Energy Distribution System Operator, and Annex No. 2 to the Contract on the leasing of the electrical energy distribution infrastructure and implementation of services for SODO d. o. o., Electrical Energy Distribution System Operator;
6. agreed to the conclusion of agreements on the purchase of electrical energy;
7. acquainted itself with information on company operations;
8. confirmed the proposal of the management board on the appointment of the audit company;
9. acquainted itself with the proceedings at the Competition Protection Office;
10. agreed to the commencement of awarding of contracts;
11. agreed to the sale of real estates, which is to be carried out through the gathering of offers in means of public communication;
12. agreed to the conclusion of the contract on insurance for 2009 and 2010.

The supervisory board was regularly, on time and fully informed about all important issues related to company operations. The supervisory board of the company was informed with reports on company operations by the management board in every quarter. Cooperation with the management board was on a professional and adequate level, which enabled successful and efficient control of company operations.

In 2008, the company operated in conformity with the Business plan for 2008 and attained a 16 percent higher net profit than was planned. The supervisory board assesses that company Elektro Maribor d. d. attained the planned goals in the financial year 2008.

Position of the supervisory board on the annual report and the auditor's report

The management board submitted to the supervisory board the draft annual report, which the supervisory board reviewed at its session on April 22nd 2009.

The audit of the annual report of company Elektro Maribor d. d. for the year 2008 was carried out by audit company Deloitte revizija d. o. o., which issued a positive opinion on the annual report of company Elektro Maribor d. d. on April 17th 2009.

On the basis of the annual report of the company and the attached auditor's report, the supervisory board established:

- that the annual report is clear, transparent and prepared in conformity with the provisions of the Company Act;
- that the annual report enables and allows the exact verification of the financial position of the company result from operations;
- that, according to the auditor's report, all financial statements present fairly, in all material aspects, the financial position of company Elektro Maribor d. d. on December 31st 2008, its financial performance and cash flows for 2008 in accordance with accounting standards.

The supervisory board has on the basis of all above-mentioned findings and the positive opinion of the auditor reviewed and confirmed the annual report of company Elektro Maribor d. d. as was submitted by the company management board.

Position of the supervisory board on the use of the balance sheet profit

The supervisory board submitted its proposal on the use of the balance sheet profit for 2008, which will be submitted to the Annual General Meeting.

Maribor, May 18th 2009

President of the supervisory board:

TRADITION

Theatre festival Borštnikovo srečanje

We were also present in the area of culture. We help in the organization of the Slovenian theatre festival Borštnikovo srečanje with material and moral support. The festival is named after the founder of the modern Slovenian theatre Ignacij Borštnik (1858-1919). The Borštnik ring, which is the highest national award for theatre performance and which is awarded to the actress or actor, who left an important imprint in theatre art, went to Aleksander Valič in 2008.

PRESENTATION OF THE COMPANY ELEKTRO MARIBOR D. D.

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2.1 Basic information on the company

The company Elektro Maribor d. d. is an integral part of electricity system of the Republic of Slovenia and one of the companies for distribution of electrical energy in the Republic of Slovenia.

Company:	Elektro Maribor, podjetje za distribucijo električne energije, d. d.
Shorter name:	Elektro Maribor d. d.
Head Office:	Vetrinjska ulica 2, 2000 Maribor
ID number:	5231698
Tax number:	46419853
Current Account:	SI56 0451 5000 0570 965
Initial Capital:	139,773,510.27 EUR
Entry in the Court Register:	Registered at the District Court of Maribor, inset 1/00847/00
Number of Employees:	837
Supply Area:	Northwest Slovenia
Size of the Supply Area:	3,992 km^2

The activity of the company is defined in the 2nd paragraph of the Statute of the Joint-Stock Company Elektro Maribor, company for distribution of electrical energy, d. d. from August 26th 2008. The article of the Statute is adjusted to the Decree on standard classification of activities (Official Gazette of the RS No.: 69/2007 and 17/2008).

The most important activities of the company are:

- distribution of electrical energy (35.130),
- trading with electrical energy (35.140),
- construction of objects of supply infrastructure for electrical energy and telecommunications (42.220).

Some of the main goals of the company are reliable and safe supply of the customers with electrical energy, effort to develop the network and competitive approach on the electrical energy market. The basic tasks of the company can be performed under the condition of regular maintenance of electricity network, long-term planning of network development and execution of the adopted plans. All this is secured by our employees with their knowledge and performance of high quality. At the end of 2008 the company had 837 employees.

The company sustains the following security systems:

- Quality management system (ISO 9001:2000),
- Environmental management system (ISO 14001:2004),
- Calibration and testing labouratory accreditation system (ISO /IEC 17020:2004),
- System OHSAS 18001:2007.

2.2 Vision, mission and values

Vision

The company Elektro Maribor d. d. remains the second largest distribution company in the Republic of Slovenia, which will be known as a respectable, successful, dynamic and trustworthy company in its market, socio-economic and internal environment.

Mission

In Elektro Maribor d. d. we provide for the following in the supply area of the company:

- we assure reliable and quality supply of electrical energy to all customers in accordance with legislation and standards,
- we increase satisfaction of network users and consumers of electrical energy and our services,
- we listen to and react to the requests of different interest groups of our employees, consumers of electrical energy and business partners,
- considering the principle of sustained development we increase the reliability to protect the environment and encourage rational use of available energy sources.

Values

In the company Elektro Maribor d. d. we feel reliable towards our consumers, business partners, owners, employees and entire society. We consistently and reliably fulfil the expectations of our employees by taking care of their security and motivating them to reach their goals. With long-term planning and selection of environment friendly technologies, we take care of the environment as well. We follow the basic legal and moral rules of Slovene and European society in every area of our activities..

2.3 Management of the company

Elektro Maribor d. d. has a two-tier system of management. The company is run by the management board and supervised by the supervisory board. Management of the company is based on laws, statute as a basic legal act of the company and internal regulations, prepared in accordance with the standards of the International Organization for Standardization (ISO).

Despite the fact, that shares of Elektro Maribor d. d. are not listed on the stock exchange, the company follows the regulations of the Code of Joint Stock Company Management, drafted and adopted by Ljubljana Stock Exchange d. d., Association of Supervisory Board Members and Manager Association on March 18th 2004 and amended on December 14th 2005 and February 5th 2007.

To comply with the unanimously adopted regulations on company management and its supervision means to encourage transparent and efficient management, directed to create a valuable company on the long run, to increase responsibility of individual interest group, to improve economic environment and increase competitiveness of the company.

Management

The company Elektro Maribor is managed by the president of the management board independently and at his own responsibility, according to the powers, given to him by the Companies Act and Statute of the company Elektro Maribor d. d. The management board represents the company. According to the Statute it has one member, appointed and discharged by the supervisory board. The management board is given a mandate for a period of four years with the possibility of being reappointed.

The Management Board is responsible for fulfillment of the goals within the business strategy, decides on all matters of organization and management of the company and executes decisions, adopted on the shareholders' meeting. In accordance with the regulations of the Statute the management board reports to and consults with the supervisory board on all relevant matters.

President of the Management Board - Stanislav Vojsk - B. Sc. El. Eng.

Supervisory Board

Supervisory board has six members, four of them representatives of the capital and two of employees. The board is appointed on the shareholders´ meeting with the majority of votes of the present shareholders, except those members, elected by the works council. Members of the supervisory board were elected for four years and can be reelected. They have been appointed on the shareholders' meeting of Elektro Maribor d. d. on August 30th 2005 and their mandate ends in 2009. Supervisors elect the president and vice president of the board from among its members.

Supervisory board supervises business activities of the company. Its duty is to control and monitor operations of the management board. It also appoints the president of the management board. Members of the supervisory board monitor operating activities, annual and six-month plans and business strategy. They check annual reports and management board's proposition on how to use accumulated profit. They report about their work in a special report on supervisory board business activities that is available to all the employees within the annual report.

Representatives of the Capital

President
Rajko Fajt, B. Sc. El. Eng.
Šolski center Ptuj

Vice resident
Slavko Visenjak, B. Sc. (Agronomy)
Perutnina Ptuj d. d., Ptuj

Member
Milan Mendaš, B. Sc. El. Eng.
Ledinek Engineering d. o. o., Hoče

Member
Matjaž Rutar, B. Sc. (Comp.)
Infond Holding d. d., Maribor

Representatives of Employees

Member
Miro Pečovnik, B. Sc. El. Eng.
Elektro Maribor d. d.

Member
Anton Jaušovec, B. Sc. El. Eng.
Elektro Maribor d. d.

Shareholders' Meeting

Shareholders exert their rights related to the company on a shareholders' meeting. The meeting is convened by the management board on its own initiative, on the initiative of the supervisory board or shareholders that hold at least 5 % of the initial capital of the company. Shareholders are regularly informed about business operations and all important terms through interim reports and on the internet.

2.4 Organization

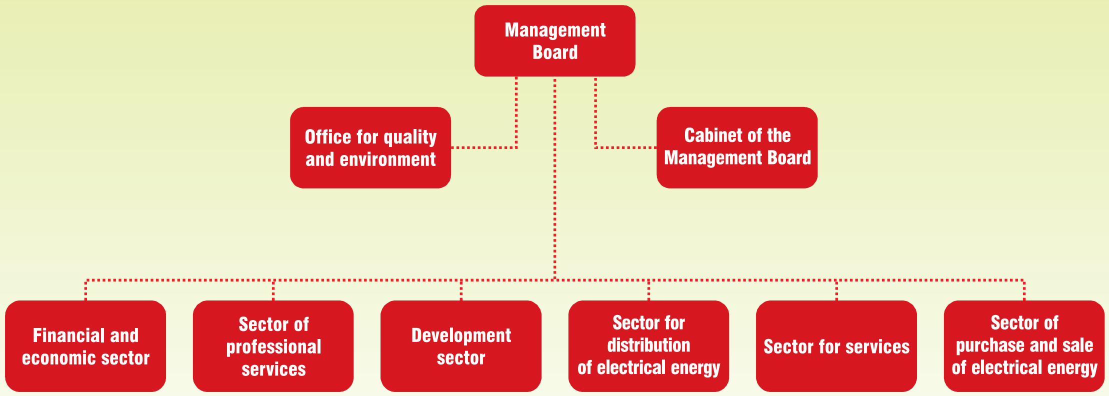
Elektro Maribor d. d. has been a joint-stock company since 1998 and is a part of the electricity system of the Republic of Slovenia. Until June 30th 2007 we performed two regulated activities in addition to the market activities (purchase and sale of the electrical energy and services): public utility service (PUS) of system operator of distribution network (SODO) and PUS of electrical energy supply to the tariff (household) customers (STC).

On March 15th the government of the Republic of Slovenia adopted a decision Nr. 01406-5/2007/5 that put into effect an Act on establishment of limited liability company SODO, System operator of distribution network, d. o. o. Based on 23rd paragraph of Energy Act (EL-UPB2) the above mentioned Act determined the operator that manages the public utility service of system operator of distribution network. Since July 1st 2007 the company Elektro Maribor d. d. cooperates with SODO d. o. o. based on a contract for leasing of electricity distribution infrastructure and for performance of services for system operator of distribution network.

Organizational structure of the company Elektro Maribor d. d. is adjusted to the national legislation, which is harmonized with the European legislation.

The company Elektro Maribor d. d. is a joint-stock company for which Companies Act (Official Gazette of the RS, No.: 42/2006, 10/2008 and 68/2008) applies.

Organization of the company changed on June 1st 2008, when Rules on the organization and systemization of workplaces, adopted on May 23rd 2008, came into force.



Organizational structure of the company Elektro Maribor d. d. as at December 31st 2008

Within the individual organization units basic business functions and activities are being performed: management of distribution network, distribution, purchase and sale of electrical energy, services, finances, accounting and economics, employment, legal and general matters, security and health at work, fire safety and quality assurance.

To achieve short-term and long-term goals of the company, sectors are divided into other organizational units: service and regional units, services and departments with clearly defined duties, competence, responsibilities and goals, operatively determined with the economic plan of the company.

In the framework of the sector for distribution of electrical energy there are five regional units (OE):

- OE Elektro Maribor z okolico,
- OE Elektro Ptuj,
- OE Elektro Slovenska Bistrica,
- OE Elektro Gornja Radgona,
- OE Elektro Murska Sobota.

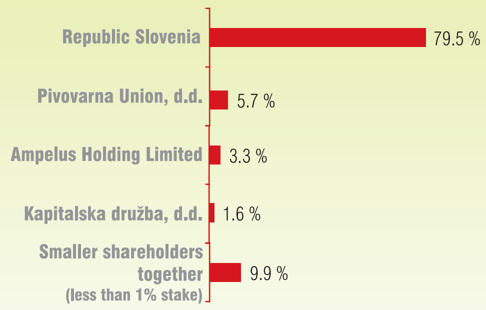
In the framework of sector for services there are two service units (SE):

- SE Elektro Gradnje in remont Maribor,
- SE Elektro Gradnje Ljutomer.

2.5 Ownership structure and share

Share capital of Elektro Maribor d. d. amounts to 139,773,510 EUR and is divided into 33,495,324 ordinary registered non-par value shares. Each share represents the same portion and appurtenant amount of the share capital. Shares of the company are not listed on any stock exchange.

At the end of 2008 the company had 1,341 shareholders, while there were 1,299 at the end of 2007. The biggest shareholder is the Republic of Slovenia with 79.5 % stake. The number of shareholders with less then 1 % stake dropped from 6 to 4 compared to the end of 2007.



Ownership structure of the share capital as at December 31st 2008

Movement of book value per share (in EUR)

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PRESENTATION OF THE COMPANY ELEKTRO MARIBOR D. D.

Renewable energy sources

Energy independence and environment protection are two main goals, which stimulate the development of renewable energy sources. The production of electrical energy from renewable energy sources is environment-friendly as it produces minimum emissions of greenhouse gasses and other air pollutants.

BUSINESS REPORT

BUSINESS REPORT

3.1 Market situation and operating activities

A favorable economic climate, manifested in Slovenia with high economic growth, was crushed by the world financial crisis when its negative impacts came to the real economy. Economic activities in some sectors will be shrinking for some time to come, especially in 2009. Slovene economy, that in some sectores largely depends on export and global economic networks, will feel the impact of this crisis and will have to adapt to the new circumstances. The crisis hit energy products market severely and caused dramatic drops of their prices. After many years of price increase, we had to face their drop at the end of 2008 and in 2009. Nobody can foresee how long this trend will continue, but based on previous experience, we can say prices will go up again when first positive effects of the anti-crisis measures occur.

Prices on Slovene electrical energy market were formed similarly as on other liquid markets of the EU with the additional payment for transmission powers, determined by the key market players based on their previous analysis. With drops in prices of electrical energy on foreign markets and prices of CO_2 certificates, the additional payments dropped as well so that the price situation at the end of 2008 resembles the one a year before. Extreme volatility of electrical energy prices represents new challenges for us, the suppliers.

Our strategies of purchase and sale had a key role when strengthening competitiveness and market position last year and will keep this role also in the future. Regardless of rather unstable and unpredictable situation on Slovene electrical energy market, which resulted out of several internal and external factors, we can be optimistic about the future, because opening of the market offered us a unique opportunity to prove our inventiveness that is materialized in the products, offered at our customers' request.

It becomes more and more important to strengthen partnerships with our customers and other contractual partners. The coming financial crisis and related shrinkage of business activities in construction industry can have a direct effect on extent of services regarding construction of energy generation facilities. Regardless of that we can be optimistic about the future, because wide spectrum of services, implementation of new ones and progress in partnerships promise successful business operation also in the future.

3.2 Purchase and sale of electrical energy

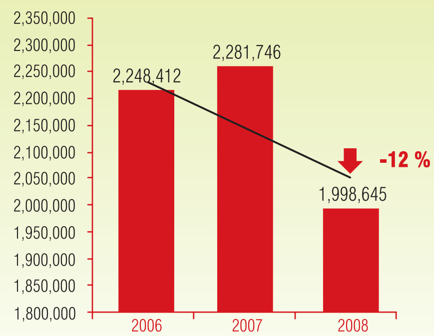
Purchase of electrical energy

Also in 2008 the company Elektro Maribor d. d. purchased electrical energy as an independent balance group. We purchased electrical energy from other balance groups under closed contracts and from smaller independent producers under open contracts.

We purchased the predominant share of electrical energy under long-term closed and open contract, according to the dynamics of sale of electrical energy to the final consumers. As regards to the daily fluctuations of electrical energy consumption we prepared short-term estimations of electrical energy consumptions and regulated the purchase portfolio with short-term closed contracts.

The quantity of electrical energy, generated in small power plants, is still growing.

The year of 2008 was marked by consumption of electrical energy within expectations. The consumption of some of the customers dropped in the last months of the year, which was the first sign of the coming economic crisis. Drop in electrical energy prices, that began in the fall of 2008, will continue through the next years.

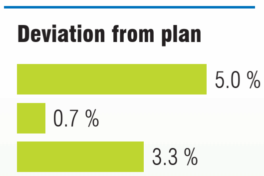


Movement of purchased quantities of electrical energy (in MWh)

Note: In order to assure comparability of data, the data for 2006 and 2007 do not include purchased quantity of electrical energy for losses.

Deviation of purchased quantity of electrical energy from the plan in 2008 **in MWh**

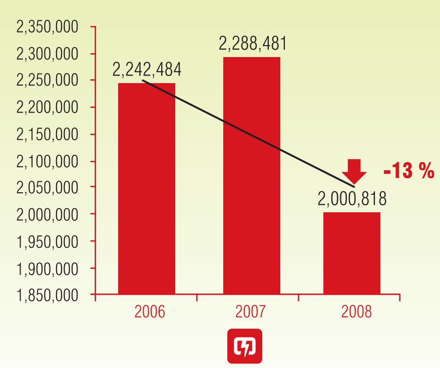
ELEMENTS	PLAN 2008	2008
Business customers	1,189,426	1,248,359
Household customers	745,000	750,286
Total	**1,934,426**	**1,998,645**



Sale of electrical energy

2008 was the first year when all consumers of electrical energy could choose their supplier freely for the whole year. Not only business segment, the household customers required more attention too and the offer for them had to be extended. In addition to the already known package “Saving smart!”, introduced in 2007, we offered the OVEN package in 2008 to market renewable energy sources of the subsidiary company OVEN Elektro Maribor d. o. o. We offer this energy to our business consumers as well.

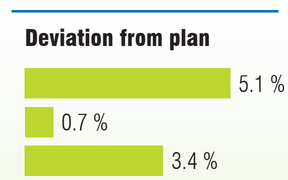
In collaboration with the outsourcers we conducted a market research (at the end of 2007 and the beginning of 2008), based on which we received an important feedback on how our customers are satisfied with our work and our future policies.



Movements of sold quantities of electrical energy (in MWh)

Deviation of sold quantities of electrical energy from the plan in 2008 **in MWh**

ELEMENTS	PLAN 2008	2008
Business customers	1,189,426	1,250,532
Household customers	745,000	750,286
Total	**1,934,426**	**2,000,818**



The difference between annual purchased and sold quantities of electrical energy is a result of unpredictable deviation from the planned sale, which reflects on the purchase side with time delay.

In the last quarter of the year we strengthened the activities of debt recovery, which has positive results in debt reduction.

As regards to the goals that had been set we managed to:

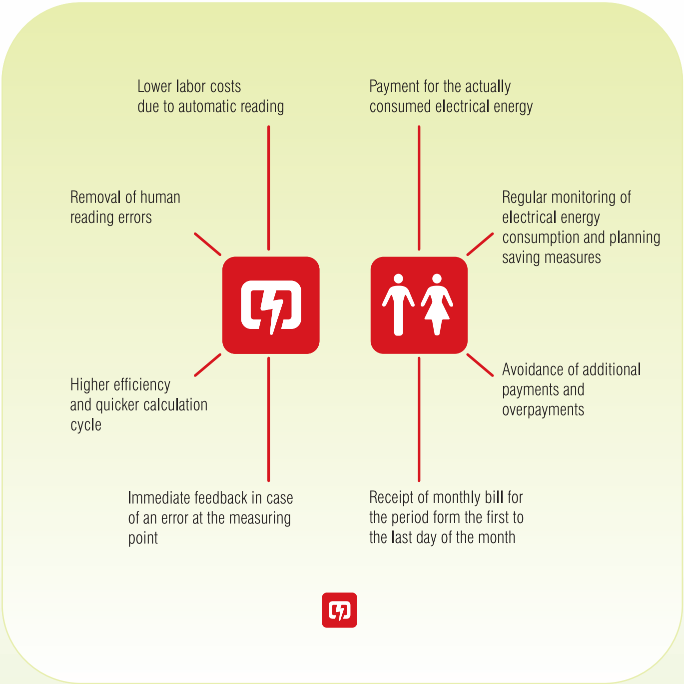
- achieve or even exceed a little the sold quantity, foreseen in the economic plan,
- achieve higher average selling price as it had been planned and therefore higher price difference as planned,
- increase sale with respect to tenders, whereby we disregarded two larger tenders, because we estimated the possibility of success with them already before,
- develop two projects OVEN and Lighting for me (for business customers),
- communicate more with household consumers and attract some new,
- in collaboration with the IT service we began to develop our own CRM and implemented its initial version in 2008,
- renew the contracts and general requirements for purchase and sale of electrical energy.

Assurance of customer satisfaction

Most important achievements in 2008 when it comes to satisfying the needs of electrical energy consumers were:

- We extended the internet services for customers in the framework of internet application eServices in order to enable the customers to arrange certain matters "in their homes". This includes commercial implementation of electronic invoice, entries of electricity meter readings and elaboration of invoice on internet. Internet application eService has 7.000 users.

- Continuation of the project of elaboration of invoice for network use and electrical energy consumption on measuring points without measuring the power with remote reading of electric meter for the period from the first to the last day in the month. The system of calculation based on remote reading of measure data includes currently 20.000 measuring points. Because those measuring points enable every day remote readings of electricity meter data, the customers receive and pay the bills according to the actual results of the electricity meter. That way the monitoring of the costs on the measuring point is much easier for the customers. They avoid the potential additional payments or overpayments, at the same time they can plan how to save with the electrical energy. The diagram bellow demonstrates the benefits for Elektro Maribor d. d. and the customers.



- We laid foundations for the system for charging of electric energy, network use and other services. An elaborated document describes the concept of modern accounting system for charging of infrastructure management and of supply with electrical energy and other services.

Also in 2008 we followed our goals to assure customer satisfaction in the process of supply in the area of measuring of electrical energy, especially when it comes to upgrading the existing AMR system with new functions of remote control reading.

We included new information solutions in the work process to perform necessary validation procedures for quicker error detecting on telemetric meters. Based on these we discovered two larger errors in the measuring equipment connections, which will have positive effects on cutting network losses.

All activities as regards to measuring electrical energy and acquiring measuring data were performed under the Contract for leasing of electricity distribution infrastructure and for performance of services for SODO d. o. o.

By all means, the expectations of our customers and reactions to the competition are those that will dictate our actions in the future. We will try to introduce new products in the segment of household customers and achieve higher degree of collaboration with business customers by counseling and additional information (above all as regards to forecasts and deviations).

3.3 Distribution of electrical energy and additional services

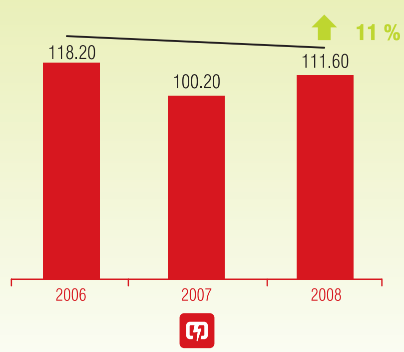
The company Elektro Maribor d. d. performed electrical energy distribution according to Energy Act, its executive acts and under the Contract for leasing of electricity distribution infrastructure and for performance of services for SODO d. o. o.

3.3.1 Operation of distribution network

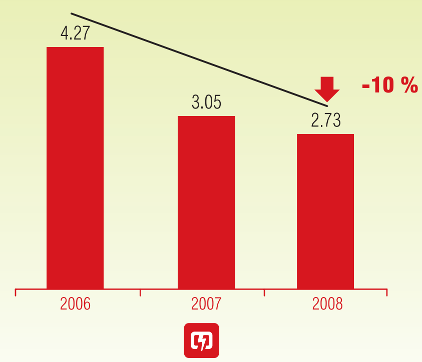
In 2008 distribution network operated according to our goals set by our economic plan, business policy and goals of the company - assurance of reliable and quality electrical energy supply to all customers on the supply area of the company according to standards, increase of customer satisfaction, control over costs of operational activities and improvement of business processes.

Reliability of the supply (indicators SAIDI and SAIFI) in 2008 exceeded the goals:

- in 2008 the indicator SAIDI (System Average Interruption Duration Index) was 2.1 % better (lower) as planned,
- in 2008 the indicator SAIFI (System Average Interruption Frequency Index) was 10 % better (lowers) than in 2007.



SAIDI - System Average Interruption Duration Index for interruptions longer then three minutes (in minutes/consumer)



SAIFI - System Average Interruption Frequency Index for interruptions longer then three minutes

Deviation of SAIDI from the plan in 2008 — in min/consumer

ELEMENTS	PLAN 2008	2008	Deviation from plan
SAIDI	114.00	111.60	-2.1 %

We also achieved better than planned SAIDI and SAIFI factors with individual 20 kV power lines that were described as critical as regards to their reliability in 2007. Because of good maintenance of critical parts of the power lines their reliability improved for more than 10 % compared to 2007.

In 2008 the electrical energy consumption increased for 2.4 % compared to 2007 and for 5.9 % as regards to the 2008 plan.

Consumption of electrical energy in the last years (in GWh)

The peak power in the 2008 amounted to 378 MW and was 2.3 % higher compared to 2007. The peak was reached in January 2008.

The voltage quality is observed with stationary monitoring in the transformer station 110/x kV and was in 2008 on HV level entirely in accordance with SIST EN 50160 standard. We performed 450 random measurements of voltage quality in the network in accordance with SIST EN 50160 in HD 472 S1 standard.

With investments in electrical energy network we reduced the number of consumers with bad voltage situation by 0.5 % and failed to achieve the goal that was 0.6 %. The failure is a consequence of larger investment of foreign investors and therefore increasing necessity to invest in power increase.

3.3.2 Access to the network

Access to the distribution network for the electrical energy producers and consumers is assured and arranged based on existing legislation, above all on Energy Act (Official Gazette of the RS No.: 9/07) and on General requirements for supply and consumption of electrical energy from distribution network.

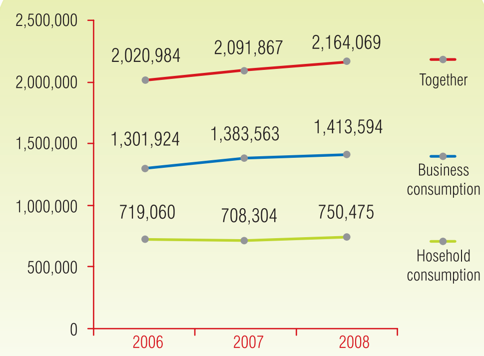
In 2008, 2,164,713 MWh of electrical energy were distributed to all the consumers, connected to the Elektro Maribor d. d. network. The use of the network, charged to the customers under the Contract for leasing of electricity distribution infrastructure and for performance of services for SODO d. o. o., amounted to 71,763,793 EUR.

Network use, charged in 2008 **in EUR**

ELEMENTS	AMOUNT	STRUCTURE IN %
Network charges for distribution network	49,328,438	68.7
Network charges for transmission and distribution network	11,734,667	16.4
Ancillary services	4,141,595	5.8
Activities of Energy Agency	281,329	0.4
Preference dispatching	5,574,812	7.8
Registration of contracts	281,329	0.4
Special ancillary services	421,623	0.6
Total	**71,763,793**	**100.0**

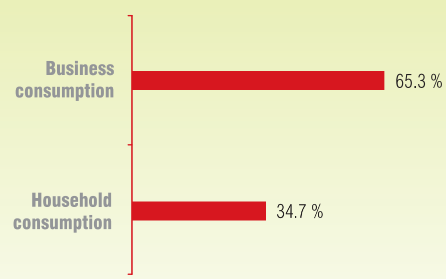
Distributed electrical energy in 2008

	PLAN	REALIZATION		PLAN	REALIZATION	
Elements	**in MW**	**in MW**	**index**	**in MWh**	**in MWh**	**index**
Consumers - together	**22,591**	**22,890**	**101**	**2,154,623**	**2,164,069**	**100**
- household consumers	16,322	16,527	101	726,580	750,475	103
- business consumers	6,269	6,210	99	1,428,043	1,413,594	99



Movements of distributed electrical energy (in MWh)

In the period of 2004 - 2008 the distributed quantity increased for 15.72 % compared to 2004, of which business consumption grew for 17.78 % and household consumption for 12.01 %.



Structure of distributed electrical energy in 2008

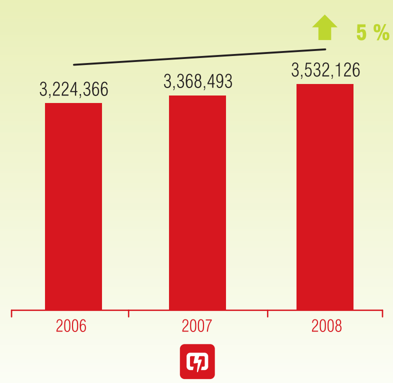
Losses in the network

Losses in the network in 2008 amounted to 117,389 MWh, that is 5.42 % of the distributed electrical energy. The sources of electrical energy in 2008 were the compulsory purchase of electrical energy from a qualified producer and purchase from production companies in the framework of joint purchase of electrical energy for the needs of Elektro Maribor d. d. The price of energy for covering of losses from the compulsory purchase of electrical energy from a qualified producer is in accordance with the Regulations on compulsory purchase of electrical energy from a qualified producer. Purchase of electrical energy for losses amounted to 7,710,473 EUR in 2008, which is 14 % less as it had been planned.

3.3.3 Maintenance

With successful preventive and curative maintenance of electricity distribution system we kept through the entire year of 2008 a high level of reliable supply with electrical energy for all consumers.

Preventive maintenance included checking the condition of electricity appliances, removal of trees in the corridors of power lines and low voltage overhead lines (trees were removed from cca 304 km of slopes of overhead lines and cca 700 km of them were cleaned), check-ups of switches, transformers and protection devices and execution of control measures and tests of protection devices. Maintenance works were performed on all voltage levels of the system on the whole territory of Elektro Maribor d. d. The financial means for maintenance were not reduced, because quality preventive maintenance assures long-term reliable and quality supply of electrical energy to the consumers. For this purpose we spent 3,532,126 EUR in 2008, which is 5 % more than in 2007.



Movements of maintenance expenses (in EUR)

In 2008 we continued with the tests to determine the presence of PCB in oil samples of distribution transformers. We tested 602 samples and by that exceeded the plan for 9 %. The goal is to end the tests in 2009. We performed the check-ups of 200 transformer stations and 150 MV switches.

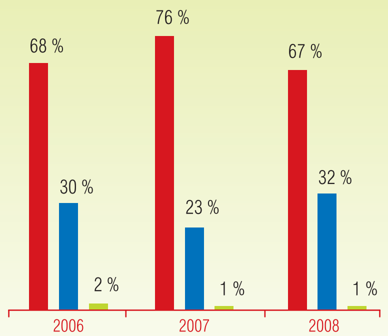
In 2008 we developed a system of operative plans and monitoring of realization of operative maintenance work. The goal was to establish the location, type, material consumption, type of services, maintenance technique and by that to direct the maintenance process properly, as regards to costs as well as technically.

Organization of day-and-night-service for error removal was flawless on the whole area of Elektro Maribor d. d. and within the expected responsiveness.

In the framework of a modern telecommunication system that must satisfy all technical requirements regarding the type of services, quality and availability of the telecommunication system, and with respect to the increased necessity for information and speech transferm, we expanded the telecommunication network and telecommunication junctions in 2008 and installed no-interruption feed system into the anticipated transformer stations in order to increase reliability of telecommunication network.

3.3.4 Services on distribution network and services for foreign contracting entities

In service sector we accomplished new construction and reconstruction on the electricity distribution network to assure reliable and quality supply to the users. In addition to that we offer our customers other electrical assembly services enriched with services of engineering. Besides electrical assembly services the service sector also includes measuring laboratory for control and measurement attest for charging electrical energy according to SIST EN ISO/IEC 17020:2004 standard and accreditation given by Metrology Institute.



Revenue structure of service activities between 2006 and 2008

- Investment revenues on own account
- Jobs, performed for foreign investors
- Other revenues

Revenues from sales of services exceed the revenues from 2007 for 83 % and the ones anticipated in 2008 for 58 %. Increase of revenues can be attributed to larger extent of construction works, engineering and the new activity – solar turnkey basis power stations. All this is a result of favorable pricing policy and active approach to the potential consumers of our services by stressing our competitiveness, knowledge and experience of the expert staff in order to attract new consumers as well as work installments.

3.4 Investments

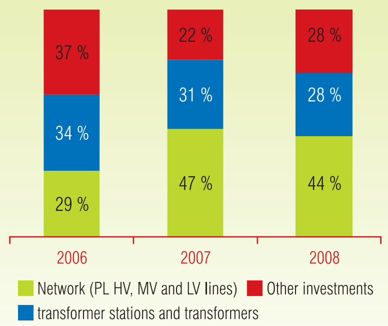
Investments in the regulated activity of distribution network system operator are realized according to the ten-year development plan (2007-2016).

Realization of investments amounted to 31,776,183 EUR in 2008, which is 9 % more than it was planned. Higher number is first of all a consequence of larger intervention investments in electricity objects due to the power increase. Because of increased investment activity in our supply area we have to offer primary public energy network.

The most important investment in the city of Maribor, that has already been realized, was construction of 110/10 kV transformer station Koroška vrata, which was connected to the network through a 110 kV cable, laid down in the Drava River all the way from transformer station Melje. In 2008 we failed to acquire a construction license to build 110 kV connection power line for transformer station Ptuj-Breg and complete the 110 kV cable connection between transformer stations Koroška vrata in Pekre. The envisaged financial means were redirected to new construction and reconstructions of MV and LV network and appliances. The construction of the above mentioned objects is planned for 2009. The construction of two new 110/20 kV transformer stations Ptuj-Breg and Mačkovci continued throughout the 2008.

Investment funds are provided from depreciation and other company's funds, from long-term credits and payments of new connections.

Realization of investments (in EUR)



Structure of investments

We continued with the renewal and reconstruction of the following two objects:

- 110/20 kV transformer station Slovenske Konjice – renewal of 110 and 20 kV juncture
- 110/10 kV transformer station Tezno - renewal of 110 and 20 (10) kV juncture

Within the framework of middle and low voltage (MV and LV) objects we designed the program for improvement of poor voltage conditions, assurance of higher operation reliability, satisfaction of needs for higher power and monitoring of communities´ spatial plans and according to that plan we constructed and renewed 82 km of MV power lines, 63 km of MV cable conduits, constructed 36 km of LV lines, renewed 97 km of LV lines, constructed 37 and renewed 31 MV/LV transformer stations. As a result of redirection of financial means, which were first intended for construction of 110 kV wires, we exceeded the quantities, planned for the year of 2008, for 60 %.

3.5 Business performance of the company

Figures for the year 2008 are only partly comparable to the figures of 2007 due to the establishment of the company SODO d. o. o. on July 1st 2007. As of that date the company Elektro Maribor d. d. stopped operating as system operator of distribution network (SODO). From July 1st 2007 on, this activity is performed by the company SODO d. o. o., established by the Republic of Slovenia as the only partner. We collaborate with SODO d. o. o. under the Contract for leasing of electricity distribution infrastructure and for performance of services for SODO d. o. o.

3.5.1 Net profit or loss

Net profit or loss (IPI 20.) of the company amounted to 1,463,451 EUR, which is 32 % or 687,318 EUR less then in 2007 and 16 % or 205,130 EUR more than it had been planned. Compared to the planned net profit or loss the actual net profit or loss was affected by:

- higher positive difference between sales revenues and purchase costs of electrical energy that was 3,069,557 EUR higher as it had been planned, which results from 2.3 % higher selling prices of electrical energy for business customers,
- revenues of SODO d. o. o., which were 2,107,034 EUR higher than expected due to the 0.4 % higher quantities of distributed electrical energy and 14 % lower losses of electrical energy,
- revaluation operating expenses, for 2,847,965 EUR higher than expected and related to higher allowances for receivables due to the doubt about the payment,
- other expenses, for 2,601,550 EUR higher than expected because of the penalty, imposed by the Competition Protection Office (2,561,720 EUR).

Revenues of the company (IPI 1.+3.+4.+9.+10.+11.+15.) registered to 196,727,105 EUR and were 8 % higher than expected. Costs and expenses of the company (IPI 5.+6.+7.+8.+12.+13.+14.+16.) amounted to 195,263,654 EUR and exceeded the plan for 8 %.

3.5.2 Operating profit or loss

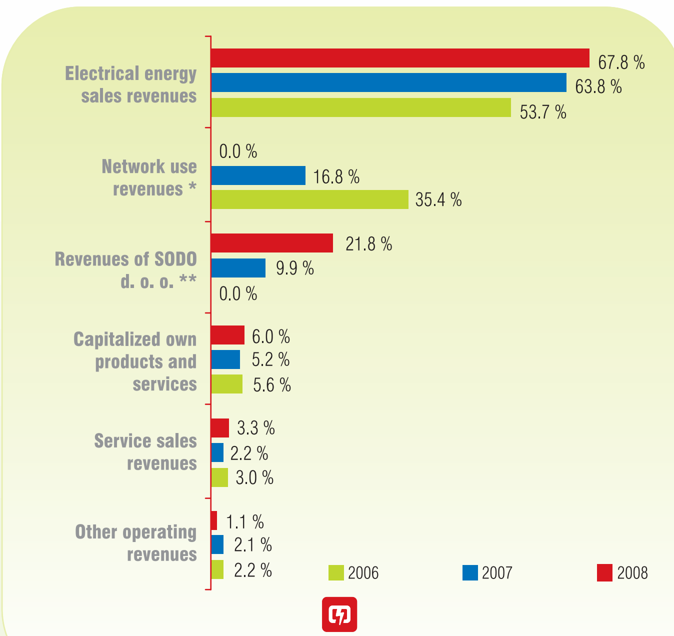
Operating profit or loss (IPI 1.+3.+4.-5.-6.-7.-8.) is a profit in the amount of 2,960,199 EUR, which is 127 % or 1,654,366 EUR higher than expected. First of all, that results from higher positive difference between sales revenues and purchase costs of electrical energy.

3.5.2.1 Operating revenues

Operating revenues (IPI 1.+3.+4.) amounted to 194,670,645 EUR, which is 99 % of all revenues of the company Elektro Maribor d. d.

Deviation of operating revenues from the plan in 2008 in EUR

ELEMENTS	PLAN 2008	2008	Deviation from the plan
Electrical energy sales revenues	125,048,704	132,056,308	5.6 %
Revenues of SODO d. o. o.	40,298,419	42,405,453	5.2 %
Capitalized own products and services	10,543,495	11,701,471	11.0 %
Service sales reven	4,282,705	6,332,512	47.9 %
Other operating revenues	1,804,522	2,174,901	20.5 %
Total	**181,977,845**	**194,670,645**	7.0 %



Structure of operating revenues

* Revenues of network use were realized only until July 1st 2007 due to the establishment of SODO d. o. o.
** Revenues of SODO d. o. o. were realized only as of July 1st 2007 due to the establishment of SODO d. o. o.

Net sales revenues (IPI 1.) of the company amounted to 181.280.285 EUR, which is 7 % more as it had been planned. Due to the establishment of the company SODO d. o. o. these figures are not comparable to the previous year (as of July 1st 2007 we do not register revenues of network income any more, but we register revenues of the company SODO d. o. o.).

Net sales revenues include:

- **net revenues from the sale of electrical energy** (IPI del 1.) that amounted to 132,056,308 EUR , which is 4 % more then in the previous year and 5.6 % more than it had been planned. Revenues are higher than expected due to 5.1 % increase in quantity of electrical energy sold to the business customers and 2.3 % higher average selling prices for the same customers,
- **revenues from SODO d. o. o.** (IPI del 1.) that amounted to 42,405,453 EUR and are 5.2 % higher than expected. Revenues from rents on energy infrastructure and services of SODO d. o. o. increased due to 0.4 % increase in quantity of distributed electrical energy and 14 % drop in losses of electrical energy. Due to the establishment of SODO d. o. o. those figures cannot be compared to the ones of previous year, since we register them only since July 1st 2007,
- **revenues from the sale of services on the market** (IPI del 1.) that were realized in the amount of 6,332,512 EUR, which is 47 % more then last year and 48 % more than it had been planned. Revenues exceeded expectations in the field of construction and assembly services, project engineering on client's account, public lighting works, maintenance of transformer stations on client's account, connections on client's account, engineering and photovoltaic.

Revenues from the capitalized own products and services (IPI 3.) were realized in the amount of 11,701,471 EUR, which is 12 % more than last year and 11 % more then it had been planned. Revenues of own investments amounted to 11,176,129 EUR, while revenues from internal realization (production of metal products) were realized in the amount of 525,342 EUR.

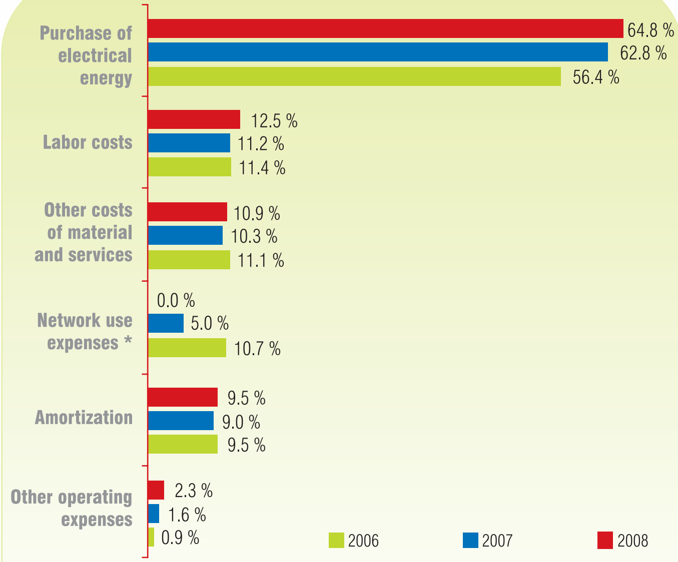
Other operating revenues (IPI 4.) were realized in the amount of 1,688,889 EUR and exceeded expectations for 31 %. Due to the establishment of SODO d. o. o. those revenues cannot be compared with the previous year (as of July 1st 2007 we do not register revenues from premiums for qualified producers). Other operating revenues exceeded expectations mainly due to the electrical energy debts we recovered.

3.5.2.2 Operating costs and expenses

Operating costs and expenses (IPI 5.+6.+7.+8.) amounted to 191,710,446 EUR, which represents 98 % of all costs and expenses of the company Elektro Maribor d. d.

Deviation of operating costs and expenses from the plan in 2008 **in EUR**

ELEMENTS	PLAN 2008	2008	Deviation from the plan
Purchase of electrical energy	120,255,782	124,193,830	3.3 %
Labor costs	23,214,746	23,991,178	3.3 %
Other costs of material and services	17,820,140	20,857,407	17.0 %
Depreciation	18,074,093	18,208,218	0.7 %
Other operating expenses	1,307,251	4,459,813	241.2 %
Total	**180,672,012**	**191,710,446**	6.1 %



Structure of operating costs and expenses

* Costs of network use were registered only until July 1st 2007 due to the establishment of SODO d. o. o.

Costs of sold goods and sold materials (IPI 5a.) registered to 136,285,303 EUR, which exceeded expectations for 5 %. These costs include:

- **costs of purchase of electrical energy** (IPI del 5a.) that amounted to 124,193,830 EUR and exceeded plans for 3.3 %, which resulted from 5 % increase in purchase quantity of electrical energy for business consumers. Due to the establishment of SODO d. o. o. those figures cannot be compared to the ones of previous year (we do not register costs of purchase of electrical energy for losses since July 1st 2007);
- **costs of materials for investments** (IPI del 5a.) that amounted to 6,193,402 EUR, which exceeded both last year's results and this year's expectations for 11 %.

Costs of services (IPI 5b.) amounted to 8,765,934 EUR and exceeded expectations for 4 % as a result of higher costs of services for an additional account (mainly costs of services related to damages on electricity network). Due to the establishment of SODO d. o. o. those figures cannot be compared to the ones of previous year (we do not register costs of network use since July 1st 2007).

Labour costs (IPI 6.) amounted to 23,991,178 EUR, which is 8 % more then in the previous year and 3 % more than it had been planned. They exceeded plans mainly due to the contribution costs in respect of unutilized annual leaves and higher amount of solidarity aid, paid to the employees, affected by natural catastrophes (hailstorms). In 2008 we acted according to the Collective Labour Agreement as regards to the infra-annual adjustment of wages to the price rises.

Depreciation expenses (IPI 7.) amounted to 21,380,013 EUR, which is 14 % more then a year before and 16 % more then it had been planned. These costs include:

- **costs of depreciation** (IPI 7a.) in the amount of 18,208,218 EUR,
- **revaluation operating expenses for current assets** (IPI 7c.) in the amount of 3,121,980 EUR related to revaluation of debts due to doubts about the payment.

Other business expenses (IPI 8.) in the amount of 1,288,018 EUR exceeded the previous year for 41 % and the expectations for 31 %, respectively

304,597 EUR. According to the Article 50. of the Transitional and final provisions of the EL-C (Official Gazette of the RS No.: 70/2008), we considered the unexpected liability to transfer earmarked funds that originate from surplus of revenues over costs from an allowance for obligatory purchase of electrical energy from qualified producers in the period from 2002 till the end of 2008 to the Support Center in the amount of 311,840 EUR.

3.5.3 Financial result

Financial result (IPI 9.+10.+11.-13.-14.) was positive in the amount of 163,559 EUR and exceeded plans for 162,268 EUR as a result of higher revenues related to granted deposits.

Financial revenues from the shares (IPI 9.) were realized in the amount of 13,994 EUR and relate to the financial revenues from the shares in other companies.

Financial revenues from granted loans (IPI 10.) amounted to 518,395 EUR and relate to granted loans (short-term fixed deposits in commercial banks).

Financial revenues from operating receivables (IPI 11.) in the amount of 534,026 EUR exceeded expectations for 10 %. These revenues are related to interest income for electrical energy in the amount of 418,731 EUR.

Financial expenses from financial liabilities (IPI 13.), related mainly to debt interest from long-term loans, amounted to 900,571 EUR and exceeded plans for 53 %.

Financial revenues from operating liabilities (IPI 14.) amounted to 2,285 EUR and are related to expenses for default interest.

3.5.4 Result of other operating activities

Result of other operating activities (IPI 15.-16.) was negative and amounted to 1,660,307 EUR, which is 1,611,505 EUR less than we expected and results from the penalty imposed by the Competition Protection Office of the Republic of Slovenia.

Other revenues (IPI 15.) in the amount of 990,045 EUR are related mainly to revenues from insurance fees for loss events on electricity objects in the amount of 963,648 EUR.

Other expenses (IPI 16.) amounted to 2,650,352 EUR and are related mainly to the penalty imposed by the Competition Protection Office of the Republic of Slovenia (EUR 2,561,720).

3.5.5 Operating activities by sectors

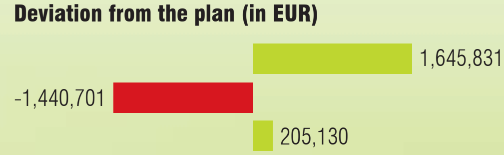
EEDS Activity resulted in profit in the amount of 1,146,780 EUR, which is 1,645,831 EUR more as we planned. This is a positive effect of higher revenues of SODO d. o. o. as a consequence of larger quantity of distributed electrical energy, smaller quantity of electrical energy losses and larger revenues from sales of services on the market.

The activity of Purchase and sale of electrical energy resulted in profit of 316,671 EUR, which was 1,440,701 EUR lower as we planned. The negative effects on this activity came from higher revaluation operating expenses (allowances for receivables due to compulsory settlements and law suits) and other expenses (penalty imposed by the Competition Protection Office).

Results of operating activities by sectors in EUR

ACTIVITY	PLAN 2008	2008
EEDS	-499,051	1,146,780
Purchase and sale	1,757,372	316.671
Total	**1,258,321**	**1,463,451**

Deviation from the plan (in EUR)



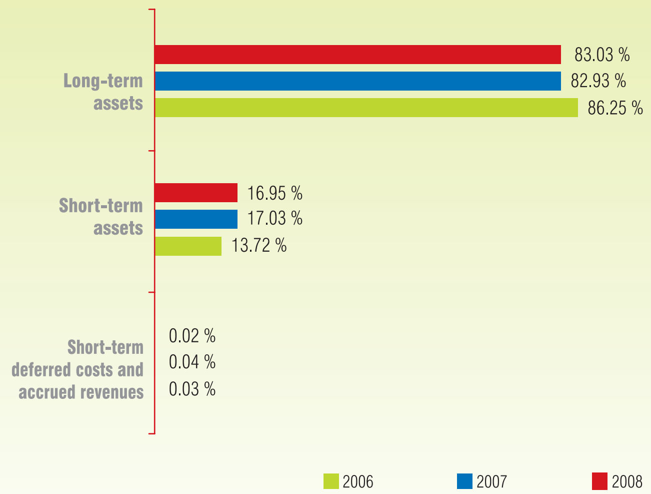
3.5.6 Financial circumstances

On one side of the balance sheet are the company's assets on a given day, on the other side is the origin of these assets.

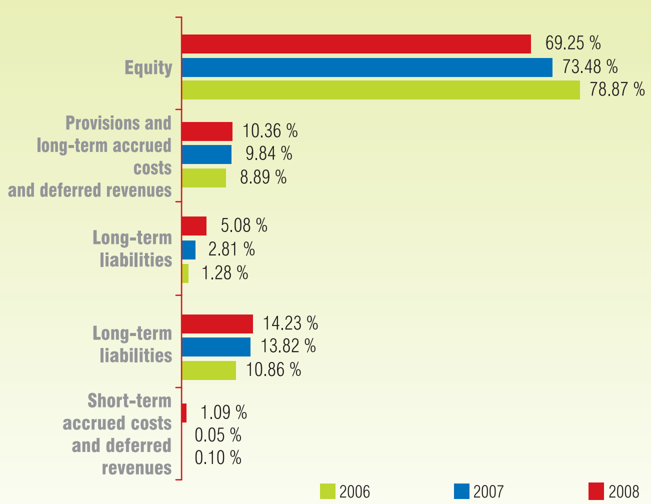
The book value of the company as at December 31st 2008 amounted to 222,565,470 EUR.

Movement of balance sheet **in EUR**

	2006	2007	2008
ASSETS	**280,436,676**	**303,043,957**	**321,405,893**
Long-term assets	241,877,095	251,328,156	266,869,271
Short-term assets	38,463,548	51,601,521	54,475,336
Short-term deferred costs and accrued revenues	96,033	114,280	61,286
LIABILITES	**280,436,676**	**303,043,957**	**321,405,893**
Equity	221,188,123	222,681,275	222,565,470
Provisions and long-term accrued costs and deferred revenues	24,937,295	29,834,108	33,300,816
Long-term liabilities	3,583,300	8,512,966	16,312,604
Short-term liabilities	30,459,259	41,868,051	45,727,181
Short-term deferred costs and accrued revenues	268,699	147,557	3,499,822



Structure of assets



Structure of liabilities towards sources of assets

Through the years the balance sheet of the company increased for 6 % on average as a result of more intense investment policy. Funds for investments to the fixed assets of the company followed the movements as the following table shows:

in EUR

	2006	2007	2008
Funds	239,216,905	248,692,889	264,257,079
Investments in fixed assets (intangible FA, tangible FA and investments in real property)	24,142,159	26,289,374	31,776,183

Movements of the short-term assets in the reported years show a less intensive growth as it was in 2007. They were influenced by the following factors:

- status of material supply that deteriorated since 2006, because purchase policy was adopted to the general business policy of the company, so we reduced the material supply to the optimum level in order to keep the work process undisturbed,
- status of the short-term operating receivables towards customers, whereby we recovered the debts more intensively,
- status of the short-term operating receivables towards others, which we registered in this particular way only in the second half of 2007.

in EUR

	2006	2007	2008
Supply	2,471,951	2,014,828	1,873,433
Short-term financial assets	31,326	2,002,596	1,645
Short-term operating receivables	32,746,069	44,701,105	41,454,133

On the side of liabilities towards sources of assets we registered larger growth of short-term and long-term liabilities. The following table shows movements of borrowings in the reported years:

in EUR

	2006	2007	2008
Loans (long-term + short-term part)	5,090,431	11,506,163	21,652,966
Index	242	226	188

Provisions and long-term accrued costs and deferred revenues moved in the reported periods with average growth of 20.3 %. The growth results mainly from funds, received from average costs of connection and charge-free acquired fixed assets that decrease yearly by depreciation rate of 3.33 %.

Short-term operating liabilities for the reported periods increase with 17 % average rate:

in EUR

	2006	2007	2008
Short-term operating liabilities	28,950,388	38,872,928	39,800,612
Index	115	134	102

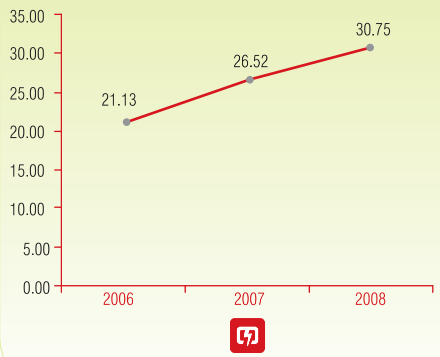
Short-term accrued costs and deferred revenues as at December 31st 2008 include contribution costs, for which we can affirm they will influence the outflows of the company, because there are already liabilities imposed upon them.

3.5.7 Cash and cash equivalents result

Compared to 2007 liquidity status did not change significantly in 2008, as diagrams that follow demonstrate.

Cash and cash equivalent at the end of 2008 was positive and amounted to 11,146,125 EUR.

The share of debts in financing is increasing, mainly as a result of long-term loans for construction of electricity objects and appliances, raised in order to ensure undisturbed and reliable supply of customers with electrical energy.

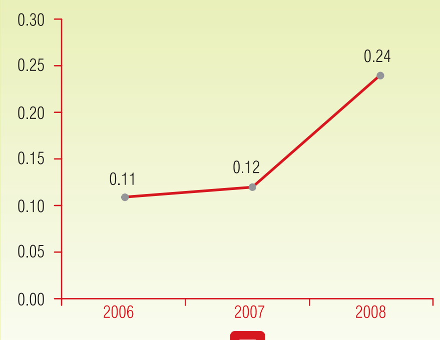


The share of debts in financing (in %)

Long-term capital to long-term assets ratio was in all reported years higher than 1, which is positive and means the golden rule of financing long-term assets with long-term sources has been respected. Long-term sources increase with long-term loans and at the same time the value of tangible assets increases as well.

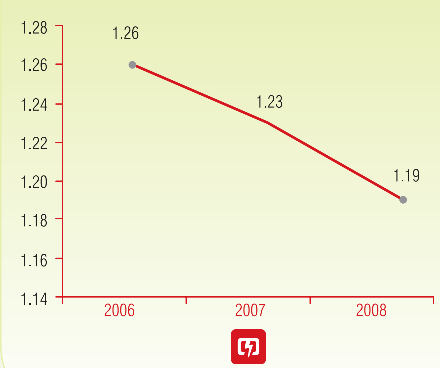
Long-term capital to long-term assets ratio

Immediate solvency ratio increases through years, meaning that the company is more and more able to cover the short-term debts with liquid assets.



Immediate solvency ratio

Although the current ratio is in a downward trend (short-term business receivables drop because of lower revenues on domestic market), it has been higher then 1 through the reported years, meaning that short-term assets are entirely covered by short-term liabilities toward the sources of assets.



Current ratio

3.5.8 Business indicators

	2006	2007	2008
I. FINANCING RATIOS (INVESTMENTS)			
Equity financing ratio in % = equity / liabilities	78.87	73.48	69.25
Long-term financing ratio in % = equity +long-term debts + provisions + long-term provisions and accrued expenses and deferred revenues / Liabilities	89.04	86.14	84.68
Fixed assets in equity ratio in % = initial capital/ equity	63.19	62.77	62.80
II. INVESTMENTS RATIOS			
Fixed assets investments ratio in % = fixed assets / assets	85.30	81.83	81.98
Long-term investment ratio in % = fixed assets and long-term deferred expenses and accrued revenues + long-term investments + investments in real property. + long-term operating receivables / assets	86.25	82.93	83.03
III. HORIZONTAL FINANCIAL STRUCTURE RATIOS			
Total equity to fixed assets coefficient = equity / fixed assets	0.92	0.90	0.84
Immediate solvency ratio = liquid assets / short-term liabilities	0.11	0.12	0.24
Quick ration = liquid assets + short-term receivables / short-term liabilities	1.18	1.18	1.15
Current ratio = short-term assets / short-term liabilities	1.26	1.23	1.19
IV. ACTIVITY RATIOS			
Sold MWh per number of customers = quantity of sold electrical energy / number of customers	10.98	11.27	9.94
Maintenance costs per km of network = maintenance costs / km of network	204	211	217
V. EFFICIENCY RATIOS			
Operating efficiency ratio = operating revenues / operating expenses	1.01	1.00	1.02
Total efficiency ration = total revenues / total expenses	1.01	1.01	1.01
VI. PROFITABILITY RATIOS			
Return on equity (ROE) in % = net profit or loss / average equity (excluding net profit or loss)	1.19	0.97	0.66
Return on assets (ROA) in % = net profit or loss// average assets	0.96	0.74	0.47
Profitability of operating revenues in % = operating profit or loss / operating revenues	0.54	0.28	1.52
Level of net profitability of operating revenues in v % = operating profit or loss / operating revenues	1.39	1.08	0.75
Share of dividends on the initial capital in % = sum of dividends / average initial capital	1.22	0.48	1.13
VII. CASH FLOW RATIOS			
Level of net revenue ability of operating revenues in % = net cash from operating activities / operating revenues	5.36	7.32	11.13

Equity financing ratio
The company is financing its operations mainly from its own sources. Equity share in investments amounts to 69.25 %. It is lower as it was last year as a result of higher short-term and long-term financial liabilities towards banks.

Long-term financing ratio
The company finances 84.68 % of its assets with long-term sources. Compared to the previous year the long-term financing ration is lower.

Fixed assets in equity ratio
The share of the initial capital in the total capital amounts to 62.80 % and is higher as it was previous year because of lower equity (mainly net profit or loss).

Fixed assets investments ratio
The share of fixed assets in all assets of the company is 81.98 % and is a little higher compared to the previous year, mainly because of higher tangible fixed assets.

Long-term investment ratio
The share of long-term assets in all assets of the company is 83.03 % and is a little higher compared to the previous year.

Total equity to fixed assets coefficient
Total equity to fixed assets coefficient represents a ratio between equity and fixed assets. The ratio amounts to 0.84 that the equity almost entirely covers the illiquid assets.

Immediate solvency ratio
Immediate solvency ratio demonstrates that the liquid assets (short-term financial assets and cash) cover the short-term liabilities better as they did last year as a result of larger short-term financial assets.

Quick ratio
Quick ratio shows that liquid assets and short-term receivables do not cover short-term liabilities as much as they did last year, which is a consequence of larger short-term liabilities.

Current ratio
All short-term assets are financed with short-term sources. The ratio is lower as a year before as a result of larger short-term liabilities.

Sold MWh per number of customers
Sold MWh per number of customers dropped in 2008 compared to the previous year, because smaller quantity of sold electrical energy in 2008.

Maintenance costs per km of network
Maintenance costs per km of network increased in 2008 compared to 2007 as a consequence of higher maintenance costs in 2008.

Operating efficiency ratio
Operating efficiency ratio amounts to 1.02, which means that the company created 102 EUR of operating revenues per 100 EUR of operating expenses.

Total efficiency ration
Total efficiency ration is 1.01, which means that the company created 101 EUR of total revenues per 100 EUR total expenses.

Return on equity (ROE)
Return on equity tells us that the company created 0.66 EUR of profit per 100 EUR of invested capital.

Return on assets (ROA)
Return on assets tells us that the company created 0.47 EUR of profit per 100 EUR of all assets.

Profitability of operating revenues
Profitability of operating revenues tells us that the company created 1.52 EUR operating profit per 100 EUR operating revenues.

Level of net profitability of operating revenues
Level of net profitability of operating revenues tells us that the company created 0.75 EUR of net profit per 100 EUR of operating revenues.

Share of dividends on the initial capital
Share of dividends on the initial capital increased compared to the previous year as a result of higher dividend payment in 2008.

Level of net revenue ability of operating revenues
Level of net revenue ability of operating revenues is calculated as a ratio between net cash from operating activities and operating revenues. The ratio amounted to 11.13 % that the company created 11.13 EUR of net cash from operating activities per 100 EUR of operating revenues.

3.6 Research and development

Development of energy distribution network

The company owns an electricity distribution network in the area for South East Slovenia and is a contractor for services of distribution of electrical energy for system operator of distribution network SODO d. o. o. In this framework it is in charge for development of electricity network.

Within the five-year project of development studies of electricity distribution networks in Slovenia (REDOS 2035) the Institute Milan Vidmar elaborated in 2008 a prognosis study of burdens and consumption of electrical energy in the distribution area of the company. Two drafts of studies of development of electricity network with belonging 110/20 kV transformation have been elaborated for regional units of Murska Sobota, Gornja Radgona, Ptuj and partly Maribor with surroundings for the period till 2035, while the study of development of electricity network in the are of Maribor with surroundings is still in the state of preparation. In 2009, two other studies for areas of Dravske doline and the regional unit Slovenska Bistrica will be elaborated.

Within researches of management and operation of electricity distribution system, electromagnetic influences on secondary and other technical systems and of diagnostics of electricity appliances condition several projects from contract period 2007/2008 were concluded by sectors, listed the economic plan for 2008 (electromagnetic compatibility at maintenance of 110kV/MV, MV/0,4 kV distribution units; strategic and economic study of implementation of automatic metering management (AMM) in distribution; analysis of network charge for the use of Elektro Maribor d. d. distribution network.

We designed new projects in 2008. To mention only some of them:

- impact of solar power station with an inverter circuit on distribution network,
- energy reservoir as pump-fed power station,
- selection of isolation media in MV cells for distribution units and new switch disconnectors,
- installation of lightning protection in distribution network,
- designing throttles for operation with resonant electrically grounded neutral point and one-pole schemes,
- system of sustainable management with energy infrastructure of distribution network,
- usage of led light bulbs for lightning and their impact on distribution network.

Within the project of implementation of geographic information system we introduced a completed application for graphic and attribute data entry about assets of electricity distribution system on all voltage levels to the measuring point of the consumer on the low voltage network.

One of the projects that should be mentioned is also the project of arranging records on company's real property, within which we registered the actual state of ownership of parcels for electricity objects that stand on their own parcels (HV/MV transformer stations, MV/0,4 kV transformer stations, MV/MV distribution stations). In 2009, a record of non-energy objects and the land they stand on will be established, as well as record of electricity and non-electricity objects in a special application.

According to the requirements of the Energy Act and contract for performance of services of electrical energy distribution for system operator of distribution network, we prepared a development plan for the period of 2009 till 2018 for the area where the company provides electrical energy distribution.

Development in other areas of company's activities

The company Elektro Maribor d. d. is aware of the necessity to follow developments in macroeconomic and microeconomic environment. New challenges can be met only with an efficient and innovative development policy, taking into account the principles of social reliability that are based upon ethical approach, economic development, improvement of the quality of life of employees, local community and the society in general.

To achieve that we have to follow the directions of the EU, defined in the Climate Action and Renewable Energy Package, adopted in order to fight climate changes and encourage the use of renewable sources. Slovenia will have to increase the share of renewable sources from 16 % to 25 % till 2020. The society will have to devote more attention to the ecological side of the electrical energy purchase. With construction of solar power stations we'll reduce the emissions of greenhouse gases.

When constructing power lines we will strive to preserve the landscape and improve the living environment of the inhabitants of a certain supply area. The guidelines for the technological development of electricity distribution network system of Elektro Maribor d. d. determine the strategic goal to achieve the ratio of 65:35 in favor of overhead power lines till 2015.

With constant improvement of internal processes and development of new additional services we try to meet the expectations of the employees as well as our business partners, we especially want to develop our partnerships that are based upon long-term collaboration, mutual understanding and respect.

3.7 Information support for operating activities

Our mission in the area of information services is to ensure quality and on time information, which forms a foundation of every business decision.

Information technologies and application solutions enable us to manage all business processes on a high quality level. In addition to that we provide for the safety of information assets according to rules, legislation and information technology organization regulations.

Information support is based on a common integrated information system of all five distribution companies that co-founded the company Informatika d. d.

In 2008 we began to renew the information system. Together with all the other distribution companies and subsidiary companies of Informatika d. d., where Elektro Maribor d. d. holds a 22 % stake, we decided to renew the contents and the technological aspect of the information system. The activities in this direction have so far been performed according to the plan.

In 2008 we improved the information support in the following areas:

- control and transmission of measuring data,
- electronic invoice issuing,
- activation of investments related to fixed assets,
- network charges,
- receiving measuring conditions with Radius server,
- occupational and health safety,
- communicating electricity meter results on internet,
- charging different services on one invoice,
- information support in the process of debt recovery,
- waste management,
- CRM,
- connection between call center and data bases in the existing information system.

3.8 Quality management system

The company Elektro Maribor d. d. is aware of the importance of quality management for successful operation of the company and fulfillment of needs and expectations of our customers and business partners. In 2000 we established a quality management system according to ISO 9001:2000 standard and certified it in the beginning of 2001. Based on standards ISO 9001:2000 and SIST EN ISO/IEC 17020:2004, we established quality management system in the measuring laboratory and accredited it at the inspecting body the Slovene Accreditation Institute in 2006. In the same year we established and certified a waste management system according to ISO 14001:2004 standard. We take care for the quality of the electrical energy and other services as well as for the environment and territory. In 2008 we established and certified a system of occupational and health safety according to OHSAS 18001:2007 standard and united it with the quality management system into one management system that fulfills the requirements of all above mentioned standards.

The main goal of the quality management system in 2008 was to enable all the employees to improve the system and the operating activities of the entire company with their own suggestions and improvements.

The functioning of all three systems, quality management system, waste management system and occupational and health safety system, was examined by the Slovene Institute of Quality (SIQ). Based on this evaluation we formed suggestions to improve the system.

The company Elektro Maribor d. d. is convinced the implementation of the excellence system increases the competitiveness of the company. All our future activities are directed towards upgrading of quality management system with elements of business excellence. In 2009 we will begin to introduce the information protection system according to ISO/IEC 27001:2005 standard and with preparations to introduce self-evaluation system.

3.9 Risk management

In Elektro Maribor d. d. we recognize and control risks that might endanger operating activities very successfully. The responsibility for that lies on the president of the management board and directors of other sectors that report on detected risks on monthly meetings with the management board.

In our work we detect the following risks, listed in the table on the next page:

RISK AREA	RISK CHARACTERIZATION	MANAGEMENT METHOD	EXPOSURE	DAMAGE EXTENT
1. Financial risks				
- credit risk	Risk of non-payment by customer	Credit assessments and demands for instruments of insurance	high	large
- liquidity risk	Insolvency	Concerted planning of demands for liquid assets	middle	moderate
- interest rate risk	Amendments of the conditions of financing and credit raising	Monitoring of financial assets and possibility for advance credit repayment	low	moderate
2. Market risk	Insolvent and intransparent purchasing market	Simultaneous closing of sale and purchase portfolio with the combination of different suppliers	high	large
3. Performance risks				
- process implementation	Disorder in business process implementation	Quality management system ISO 9001, internal and external examination of system performance	low	small
- assets of the company and employees	Exposure to the environmental and atmospheric influences	Insurance of property and responsibility for performance of activities and insurance of persons with collective accident insurance; OHSAS 18001 system for the health and safety at work	high	large
- employees	Shortage of professionally trained employees	Scholarships, outsourcing, annual development conversations, detecting the atmosphere in the organization, encouraging additional education, proper reward system and internal communication	high	moderate
4. Regulatory risk	Dependency on basing point for economic regulation of network charges and eligible expenses	Active participation at preparation of Act on methodology for determination of network charges, of criteria for assessment of eligible costs for electricity network and of methodology for calculation of network charges; rationalization of costs of services and maintenance of distribution network	high	moderate
5. Information risk	Disorder at information support of performance of business processes	Maintenance of existing information system and approach to the system renovation	high	large

In the uncertain economic situation of 2008 we devoted most of our attention to finance risks management, related to the ability to create financial revenues and control financial expenses and liabilities, a consequence of which is short-term and long-term solvency.

Efficient financial risk brings the following benefits to the company:

- higher rating or credit assessment, as a result of which the company can hire more credit at lower interest rate and pay lower costs of credit granting. Higher credit assessment results in greater confidence of consumers, suppliers and owners of the company.
- increases the predictability of cash flow,
- decreases uncertainty of payments by customers,
- the company is less exposed to different financial shocks that could impede realization of goals, set with the business strategy.

Among the biggest risk with serious consequences are:

• **Credit risk** belongs to the group of risks where risk factors can be influenced and can result from our decisions. The credit risk is a possibility that the debtor cannot or will not settle his financial liabilities, in part or entirely, at the stated time. Because of this lack of payment discipline increases the need of the company for financial means in order to preserve solvency. The company introduced a system of continuous monitoring and checking of credit assessment of the business partner in order to know which instruments to include in the contract before we close the deal on insurance in case of unfulfilment of contract by customer. According to the general requirements of Elektro Maribor d. d. for contracts on sale or purchase of electrical energy we demand from our business partners, as regards to their credit assessment, a bill of exchange, bank guarantee or interest-free deposit.

In Elektro Maribor d. d. we systematically monitor the statement of receivables according to their age, organization units and individual customers. For that we use computer applications for management of receivables that enable us constant control over customers and immediate response. In the process of management of risks of unfulfilment by the other party several organization services actively participate and their employees regularly meet and adopt proper decisions. For those who owe a great amount we constantly monitor their payment index or days of payment delay. We tried to reduce the credit risk exposure with mutual chain compensations and benefits in case of prepayment and we limited exposure to a single customer. In case of recovery of the debt we acted according to the systemic procedure of debt recovery for electrical energy, network charges and interest. To avoid limitation of the debts that are hard to recover we turned to the Court.

Short-term business receivables represent the highest credit risk. In 2009 we will insure more liabilities with insurance instruments, some of which we already acquired in 2008, but they do not come into force until January 1st 2009.

• **Liquidity risk** can be controlled with careful planning of future cash flow. We evaluate the demand for liquid assets with planning of cash inflows and outflows for a week, month or several months, whereby we covered the deficits, which could not be covered out of current business, with short-term open end loan that was used and recovered according to the daily demand on financial means. Surplus funds were invested in liquid short-term financial investments. We paid great attention to the optimum investment or tried to borrow under most favorable conditions. We try to negotiate with the suppliers the latest possible due date, on the other hand we try to convince consumers to pay as soon as possible by offering them discounts for prepayments.

We reduced long-term liquidity risks in June 2008 by hiring long-term credit in the amount of 14,600,000 EUR. We spent it for construction of electricity objects and appliances. Because the construction proceeds gradually, we placed some of the assets at commercial banks.

• **Interest rate risk** belongs into the group of those risks whose factors cannot be influenced, because they originate in the financial environment or they reflect market principles. Exposure to the interest risk includes the possibility of increase of financing costs at sources that are bind on floating rates that change on the market. We tried to avoid this type of risk with constant monitoring of interest rate on financial markets and with the possibility of advance credit repayment without additional costs in case of unfavorable movement of EURIBOR.

ENVIRONMENT

Environmental care

Every, even the smallest of things, which reduces the negative impact on the environment, is welcome. Therefore, we incorporate environmental-friendly actions into all areas of our operations. The main concern is the reduction of negative impacts to the lowest possible level. Our priorities in the programs for environmentally efficient actions are Waste management and the Centre for the collection and separation of dismantled equipment.

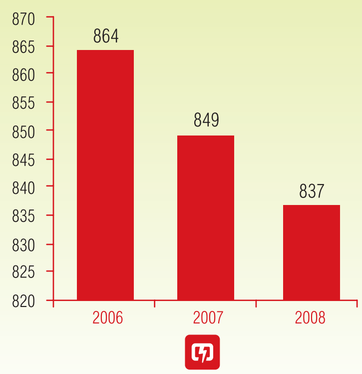
SOCIAL RESPONSIBILITY REPORT

SOCIAL RESPONSIBILITY REPORT

4.1 Employees

Number of employees

The number of employees is dropping every year. Workers retire, but not everyone is replaced by a new one. We cover shortages of employees with internal redistribution. When installers retire, we hire new ones. Only last year we employed 15 new ones. The number of employees dropped also because of consenting termination of employment relationship, retirements because of inability to work and unfortunately because of deaths of employees. Each year we employ our scholarship-holders, because most of them remain in our company after their internship.

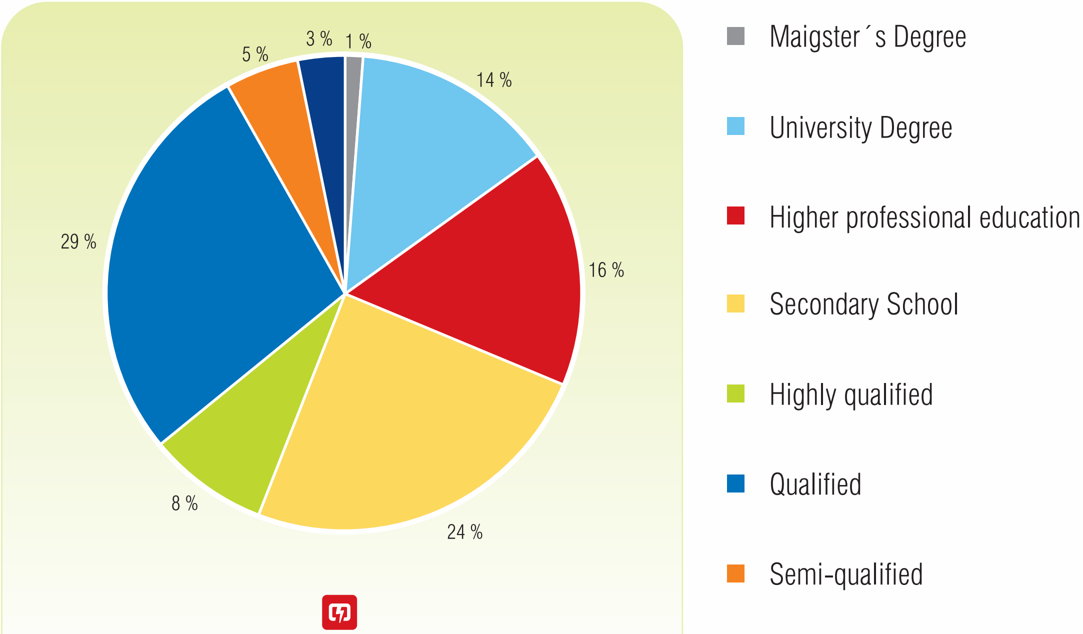


Number of employees

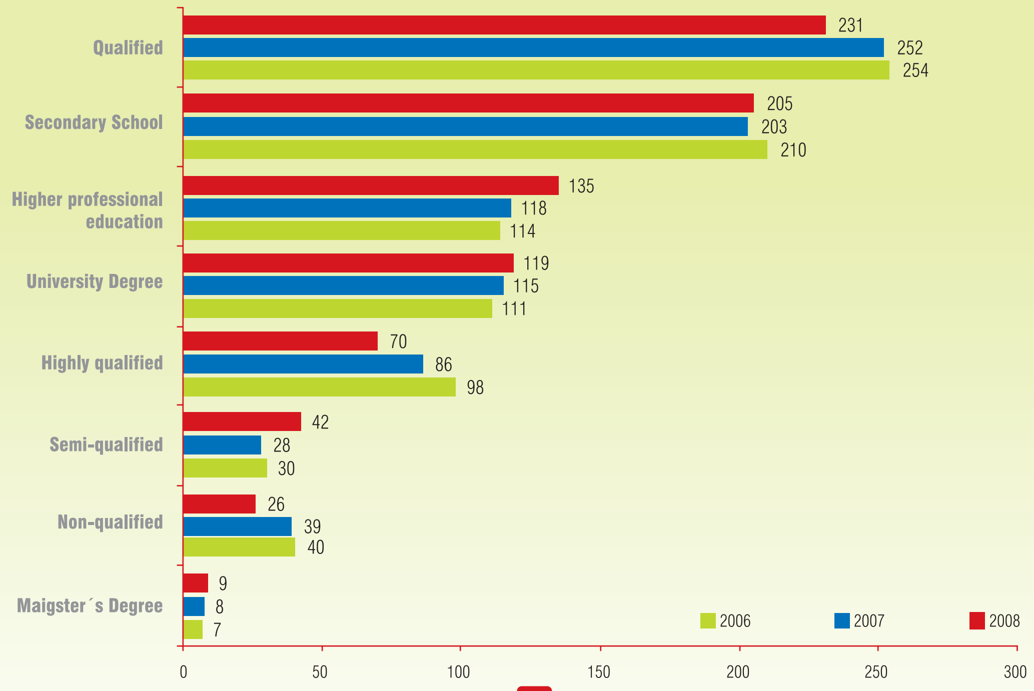
	2006	2007	2008
Average age of employees (in years)	41.4	41.8	41.9
Average period of employment (in years)	21.1	21.3	21.6

Educational structure of employees

Due to investments in development, new capacities and competitiveness on the market the number of employees with higher professional education and university degree increased.



Educational structure of employees as at December 31st 2008



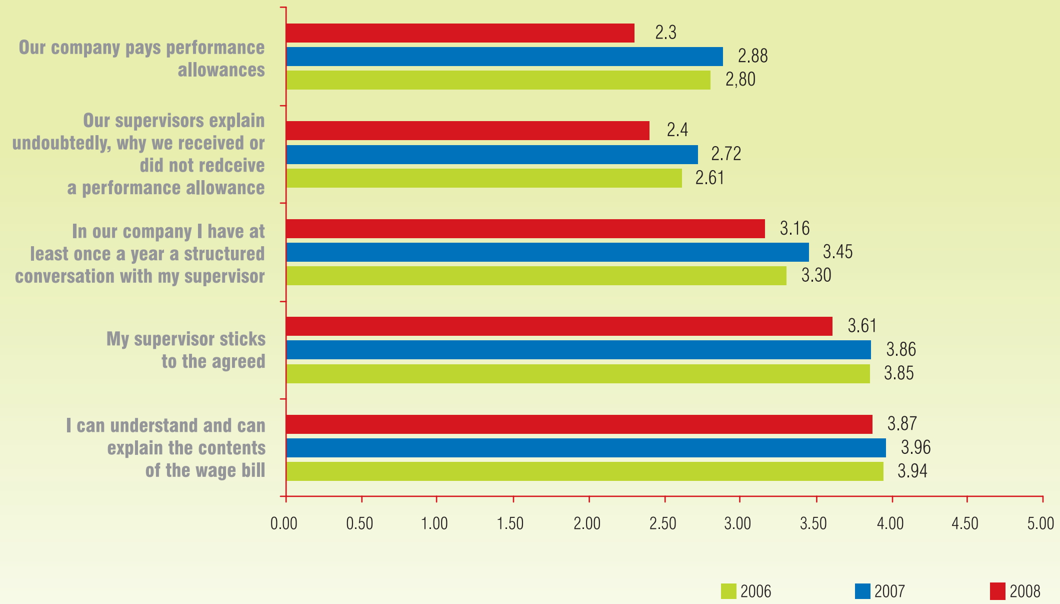
Number of employees and their educational structure

Scholarships

We increase interests for our jobs with company scholarships for energy engineering and electrotechnology. Every year we grant scholarships for secondary school program for electrical engineer, for higher education program of electrotechnology and for the university program of electrotechnology. We noticed there is less and less interest for the program of electrical engineer. Last year we granted only two scholarships for this program. We offer our scholarship-holders and internship further employment in our company.

Satisfaction of employees

Employees represent a crucial factor for development of the company and realization of business goals. For that reason the concern for the employees is one of the priorities of the company. Also in 2008 we measured the atmosphere in the company, which was in every aspect a little worse then in 2007. The results tell us we will have to improve some of the activities in 2009, especially as regards to management and communication, the atmosphere in general and satisfaction of employees.



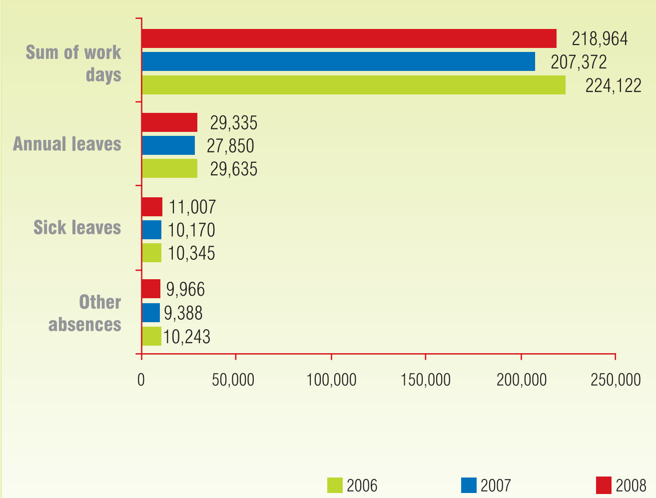
Measurement of the atmosphere in the company

Employees are an important reference point for the customers of Elektro Maribor d. d. Because of the size of our company and activities on different locations we try for our employees to know each other, because this results in more efficient work and better interpersonal relationships. For this reason we organize sport competitions, social events and employees' day where all our workers can meet.

To know each other better, to communicate and inform about important topics there are several media available to the employees. An internal newspaper Infotok is regularly printed. Notifications are placed on information desks. To exchange information and documents employees can also use intranet and e-mail.

To improve the quality of life in the third period of life the company offers additional complementary retirement assurance.

In 2008 22 % of all the work days were lost due to the absences of employees. Employees are mostly absent because of their annual leaves, sick leaves and other absences (national holidays, military practice, blood donor campaigns, education, disability leaves and other paid absences). The situation did not change much compared to 2007.



Absences of employees

Some of the employees of Elektro Maribor d. d. are categorized invalids as a result of their health problems and consequentially lower ability to work. We provide a proper treatment for these workers according to the Vocational Rehabilitation and Employment of Persons with Disabilities Act. These workers are placed on proper positions and professionally handled, based on their rights from disability insurance or from decision on disability and workers' rights.

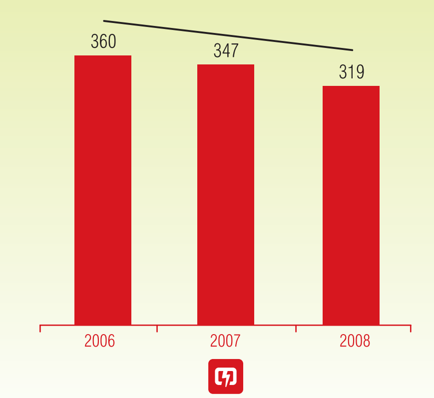
The Vocational Rehabilitation and Employment of Persons with Disabilities Act imposes us to employ a certain amount of disable people (quota). We fulfill this requirement entirely or even surpass it because we employ almost 10 % of disabled persons (the quota amounts to 6 %).

The strategy, designed in 2008 but to be proved only in 2009, is to establish a company (subsidiary company in 100 % ownership of Elektro Maribor d. d.) to employ disabled workers. Workplaces in this company will be adapted and extra protected, work environment will be friendlier towards the employees. Workers will keep all their rights and benefits of their parent company.

Education

Education and training of employees means to discover their inner potentials and develop their working as well as personal skills. With their new knowledge the employees can broaden their expertise and their creativity and therefore more successfully reach the goals to their own satisfaction and the satisfaction of the company. For that reason our company devotes a lot of attention to education and training of employees. We plan these activities thoroughly and according to the needs of the company, the goal, development plans and actual conditions on the labour market. It needs to be said that development of the employees is one of the most important motivational factors, which is why our company dedicates so much attention to it.

We reduced the education and training expenses per employee a bit during the last few years. This does not mean education and training were not as important as before, because we did fulfill all strategic goals as regards to the design and realization of the plan, only we were more efficient at it.

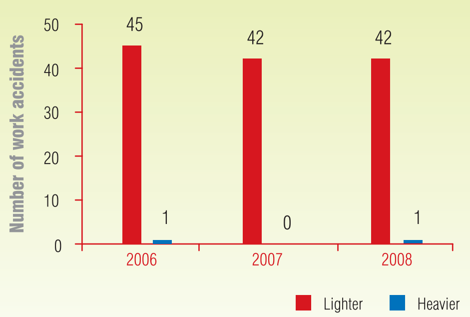


Movements of education expenses per employee (in EUR)

Security at work

Only in a safe working environment employees can work efficiently and with satisfaction. Our constant duty is to perform all tasks according to the legislation and OHSAS 18001 standard that represent a process support to occupational safety and health management. To ensure safety and health we try to encourage responsibility of the employees for their own safety with permanent education and training to work safely. Employees are scheduled for preventive medical examinations and protected by personal protective equipment and fire safety.

The principal performance indicator of Health and Safety at Work Service is information about work accidents. In 2008 we did not register any heavier work accident caused by electrical energy or any other heavy work accident in the production process. All this proves that workers follow the instructions for safety at work and that the Health and Safety at Work Service and its competent representatives ensure that protection at work measures are being considered and implemented. For this purpose inspections of work groups and internal and external evaluation of occupational safety and health system according to OHSAS 18001 standard have been performed.



Number of work accidents

4.2 Communications with the community

Contrary to less successful companies, successful companies establish and preserve good relations with their communities. Good relations with the community require good knowledge of the community as well as cooperation.

Relations with the community and social responsibility

Good relations and socially as well as environmentally conscious activities also mean that we as a company assume an active role as a supporter of socially important actions, that we financially and materially support cultural and sport institutions as well as events and socially important projects in the energy sector.

We are also conscious that our work, the company activity, its growth and business successes do not affect only customers, employees and business partners, but also the community in which we operate. We are therefore actively communicating with the local community, in which we are present, meaning in the North Eastern part of Slovenia.

At Elektro Maribor d. d. we are developing the corporate brand Elektro Maribor, brand OVEN and individual services, the values and characters of which are presented in the comprehensive marketing package that was designed as support for the realization of fundamental goals, the mission and vision of the company.

Goals, which we wish to attain through sponsorship projects and donations, are:

- improvement of the level of recognition and reputation of Elektro Maribor d. d.,
- increase of the level of recognition and reputation of the corporate brand as a socially responsible company,
- increase of the level of the recognition and reputation of brand OVEN and individual company services,
- strengthening of mutual relations with key customers,
- utilization of promotional and sale possibilities at events.

Sponsorship funds and donations in 2008 were earmarked to the following projects:

- sponsorship of important local events: Festival Lent, Golden Fox, concert Piše se leto, the European karate championships, carnival event Kurentovanje 08;
- ponsorship of cultural institutions and events: theatre festival Borštnikovo srečanje and other sponsorships of cultural events;
- sponsorships of activities in the energy area: Energy Days 08, Energy 08, sponsorship of clubs and other organizations in the energy area.

Elektro Maribor d. d. earmarks part of the funds also for donations to organizations and societies that require such assistance. In this way, we help education institutions, health care centers, etc.

Communications with the media

Correct cooperation with the media is one of the preconditions for the recognition of the company. We therefore prepared material for the media and sent a press release to the media at important events - opening of RTP Koroška vrata.

We prepared answers and explanations to questions submitted by the media promptly and correctly and we offered and proposed adequate partners for detailed and expert explanations and answers.

Communications with customers

At Elektro Maribor d. d. we offer our customers complete, timely and real information, which is required for mutual relations. An authentic relation with customers based on mutual trust is crucial. We get acquainted with the needs of our customers with the help of different communication channels and we adapt to these needs as we are aware of the importance of customer satisfaction for attaining success.

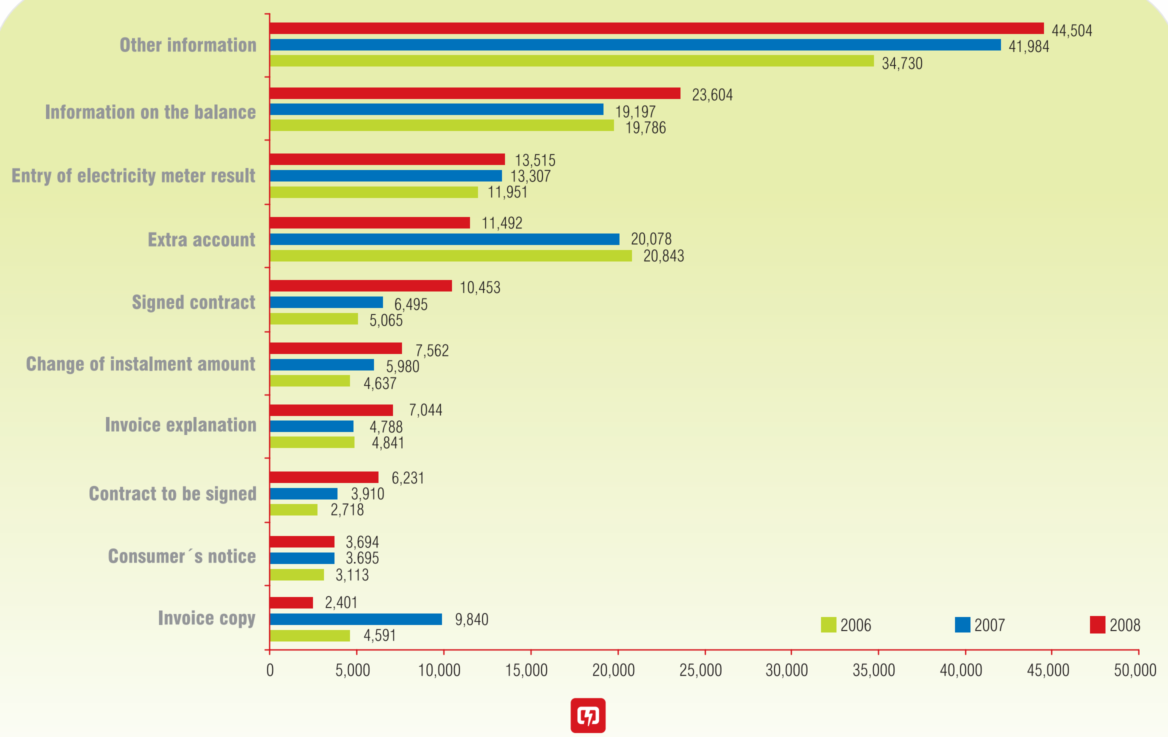
We strengthened relations with our customers and business partners also during the Energy Fair in Celje and at the International Agricultural and Food Fair in Gornja Radgona, at which we promoted the campaign »Entitled to benefits (Upravičeni do ugodnosti)« and the new energy brand OVEN, with which company Elektro Maribor d. d. actively and strategically enters the area of renewable energy sources. We also actively entered the market of setting up photovoltaic systems. The service Solar power plant on the “turn-key basis” provides customers a new source for the production of electrical energy with which they can contribute to the preservation of environment and at the same time assure a monthly solar rent on the long-term.

The web page, which is an important source of information, was promptly updated with all current information important for all our customers. We also improved the area of eStoritev (eService), which is available to customers 24 hours a day, 7 day a week on our web page.

A research on customer satisfaction in 2008 revealed that customers of Elektro Maribor d. d. are on a global level satisfied with the services and actions of the company. One of the main findings of the research states that company Elektro Maribor d. d. and its brand enjoy a high level of confidence and credibility among the people.

Contacts with customers

Informing customers was carried out within the framework of work processes, through the work of the call centre, customer visits to information offices in all regional units (OE) and at the management's headquarters, through e-mail info@elektro-maribor.si and online portal eStoritev (eService), which is also available over web page http://www.elektro-maribor.si.



Presentation of the number of most frequent contacts with customers

Note: Within the framework of item Other information, the most frequent are information on the control of the amount of installment, information regarding address changes, information on warnings, etc.

The total number of contacts with customers through different information channels increased 5 % in comparison to the previous year. According to available data, phone calls are the most common manner of contact with customers. The use of online application e-service, which enables customers to enter the balance on their meter over the internet, submit a request for settlement, register for the electronic version of the invoice, etc., is increasing as well.

Contacts with customers through different information channels

TYPE OF CONTACT	2007	2008	INDEX
Personal visits in information offices	58,272	69,566	119
Calls to phone number for General information	66,934	60,934	91
Calls to phone number for Damage report	34,599	37,756	109
Contacts through e-mail (info inbox)	2,321	3,206	138
Contacts through incoming mail (letters)	6,660	5,911	89
Total	**168,786**	**177,373**	**105**

We solved the requests of customers in the shortest possible deadline, which means we have almost no justified complaints from customers. We offered a 24-hour service for the reporting of damage and disturbance in the supply of electrical energy, for the acceptance and submission of notifications on:

- damage or malfunctions on the network,
- damage to measurement devices of network users,
- quality of supplied electrical energy.

In compliance with legislative requirements, we also informed customers about:

- the trends and characteristics of use of electrical energy for typical groups of customers,
- efficient use of electrical energy,
- share of production sources of Elektro Maribor d. d., impact on the environment in the form of carbon dioxide emissions and produced radioactive waste,
- planned supply interruptions, including over web page www.elektro-maribor.si.

The knowledge base on the intranet portal was updated with the necessary information for employees of the company, while the current contents for customers were published on the company web page and on the backside of invoices. »Rubric Most frequent Q&A« was updated on web page www.elektro-maribor.si. We continued with the modernization of the call centre with the aim of increasing efficiency, response and reliability of operations.

Communications with shareholders

We prepared a Slovenian and English version of the annual report that were submitted to all important company publics with the aim of communicating with shareholders and other financial publics. The annual report is available on the company web page as well.

4.3 Concern for the environment

With the acquisition of certificate ISO 14001:2004 company Elektro Maribor d. d. actively acceded to the solving of environmental issues. The system of environment management is systematically regulated and planned, because the incorporation of all regional and service company units all over North Eastern Slovenia is required.

By recognizing the impacts of company activities on the environment respectively registering environmental aspects, we try to reduce these impacts to the lowest level possible through different activities and programs. Due to our activities, we are not a large consumer of natural resources and we try to act in an environmentally efficient manner on the basis of set goals and related programs. The priority programs are Waste management and the Centre for the collection and separation of dismantled equipment. We attained our goals in 2008.

The Centre for the collection and separation of dismantled equipment will become operational in January 2009. In 2009, we will try to optimize handling of waste material collected in the Centre for the collection and separation of dismantled equipment and try to increase incomes from the sale of waste material. Subsequent separation is definitely a key to the reduction of quantities of waste and the reduction of handling costs.

Responsibility for natural environment and the concern for its preservation is the guiding principle of our environmental policy. We set ourselves new goals every year and they lead us to the realization of the envisaged environmental policy, which is available to the broader public over the internet. In 2009, we will commence with the promotion of activities of the collection centre among potential suppliers within the Slovenian energy sector and establish business contacts in the area of performing services and purchases with the aim of fulfilling the requirements of the ISO 14001:2004 standard.

As part of the efforts for the preservation of the landscape and the improvement of the living environment, the company adopted in 2005 the Guidelines for the technical and technological development of the system of electrical energy of Elektro Maribor d. d. for the period 2005 - 2014, in which it defined the strategic goal to attain the ratio 65 % versus 35 % to the benefit of overhead cables till 2015. This goal was realized with an intensive orientation of investment activities into electrical energy networks in cable realization in the last couple of years. In 2008, we exceeded the goal and the ratio totals 64.6 % versus 35.4 %.

We will contribute to the reduction of greenhouse emissions by 99.229 kg with the construction of solar power plants. The produced electricity will meet the needs of 439 households.

EXPERTISE

Energy Days 2008

The jubilee 10th Conference of energy managers of Slovenia - Energy Days 2008 was prepared under the title “How to use energy better: energy efficiency, a priority of the Slovenian presidency”. Special attention was devoted to the meaning of renewable energy sources, which are becoming increasingly important for safe energy supply and are above all environment-friendly.

FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

5.1 Statement of the management board on responsibility and conformity of financial statements

The management board of the company must on an annual basis prepare financial statements in conformity with the legislation and in a manner, which presents a true and fair image of the company operations to the interested public.

The company management board is responsible for the management of adequate records, which at all times present the financial situation of the company with comprehensible accuracy. The responsibility of the management board includes the following activities:

- consistent use of the selected accounting policy,
- rational and considered judgment and assessment of company operations,
- responsibility for the implementation of all necessary measures with which the management board preserves the value of company assets and for the prevention and uncovering of possible irregularities in company operations.

The management board states that adequate accounting policies were used for the elaboration of the financial statements, that the financial assessments were prepared on the basis of caution and good management and that the annual report of the company represents a true and fair image of the results of operations and the asset statement of the company. The financial statements were prepared in conformity with the Slovenian Accounting Standards and all adequate positions and explanations to the statements.

The management board of the company confirms the financial statements and explanations respectively the accounting policies to the financial statements and the presented annual report.

Maribor, March 25th 2009

President of the management board:
Stanislav Vojsk, B. Sc. El. Eng.

5.2 Revizorjevo poročilo

Deloitte.

DELOITTE REVIZIJA D.O.O.
Davčna ulica 1
1000 Ljubljana
Slovenia

Phone: +386 (0) 1 3072 800
Fax: + 386 (0) 1 3072 900
www.deloitte.si

INDEPENDENT AUDITOR'S REPORT
To owners of company Elektro Maribor d. d.

Report on the financial statements

We have audited the accompanying financial statements of company Elektro Maribor d. d., which comprise the balance sheet as of December 31st 2008, the income statement, the statement of changes in equity, the cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

The management is responsible for the preparation and fair presentation of these financial statements prepared in accordance with the Slovenian Accounting Standards. This responsibility includes: designing, implementing and maintaining internal audit relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; and for selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable under the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on the audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require, that we comply with ethical requirements and plan and perform the audit in order to obtain reasonable assurance that the financial statements are free from material misstatement.

An audit involves procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The selected procedures depend on the auditor's judgment and also include the assessment of the risks of misstatements of financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal audit relevant to the company's preparation and fair presentation of financial statements in order to design audit procedures that are appropriate under the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes an evaluation of appropriateness of applied accounting policies and the reasonableness of accounting estimates made by the management as well as the evaluation of the overall presentation of financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material aspects, the financial position of company Elektro Maribor d. d. on December 31st 2008, its financial performance and cash flows for the year then ended in accordance with the Slovenian Accounting Standards.

Report on other legal and regulatory requirements

In compliance with paragraph one Article 57 of the Companies Act (ZGD-1), we have audited the company's annual report. We herewith confirm, that the management report is in conformity with the audited financial statements.

DELOITTE REVIZIJA d. o. o.

Dušan Hartman
Certified auditor
Member of the management board

Deloitte.
DELOITTE REVIZIJA D.O.O.
Ljubljana, Slovenija 1

Ljubljana, April 17th 2009

5.3 Accounting policies for the preparation of financial statements

The company financial statements for the year that ended on December 31st 2008, have been prepared in conformity with the accounting and reporting requirements of the Slovenian Accounting Standards (hereinafter SAS), the provisions of the Companies Act (ZGD-1), in conformity with the requirements of the Energy Act and legislation concerning taxes and finances.

The Slovenian Accounting Standards define the basic accounting assumptions, which the company must apply and consider in the preparation of financial statements:

- consideration of the existence of a business event and
- going concern considerations.

The quality features of comprehensive accounting considered by the company in the preparation of the financial statements are:
- comprehensibility,
- appropriateness,
- reliability,
- comparability.

The Companies Act imposes the obligation on the company to prepare the annual report in a fair and transparent manner. The annual report must comprise a true and fair presentation of the company assets and obligations, its financial position and the operating results.

The balance sheet and the income statement present the items separately and in the same sequence as defined by articles 65 and 66. The value of individual items, which are not relevant for a true and fair presentation of assets and the operating results, were joined and appropriately explained in the attachments to the financial statements. Items, whose value equals 0, were not presented.

The accounts are managed according to the double entry method considering the chart of accounts for the general ledger, which was adopted by the Slovenian Institute of Auditors in coordination with ministers responsible for economy and finances.

In the presentation and evaluation of items in financial statements, we directly applied the provisions of SAS, except in the evaluation of items for which provisions of SAS provide the possibility of choosing between different manners of evaluation. For such cases, the company defined the evaluation methods in the Regulation on accounting, Regulation on fixed assets and depreciation or in decisions issued by the management board.

According to the criteria stipulated in article 55 of the act, the company is a large company and must thus audit its financial statements.

The annual report includes the auditor's report and the proposal for the use of the balance sheet profit, prepared and published by the company management.

Items in the financial statements are evaluated in conformity with article 67 of the act and shown in EUR, without cents.

Attachments to the financial statements are broken down and explained as defined by article 69 of the act. All transactions with associated subjects were presented and appropriately explained as well. All types and business purposes of company operations, which will have an impact on the company financial position, were appropriately explained as well and are shown in the balance sheet of the company.

The business year is the same as the calendar year.

The Energy Act imposes the company with the task to provide for separate accounting control of every energy activity in the area of supply of electrical energy. The company provides for the accounting control of business events for the activity EEDS (Electrical energy distribution system) and activity PAS (purchase and sale of electrical energy).

The criteria used by the company for the allocation of assets and liabilities to sources of funds as well as revenues and expenses are defined in the Regulation on internal distribution ratios, which were confirmed by the Energy Agency of the Republic of Slovenia.

Accounting policies and evaluations were not changed by the company throughout the business year and considerable errors in the preparation of financial statements in the previous years were not established either.

In the preparation of financial statements for the business year, the company has in conformity with the principle of caution included all potential liabilities, for which it is assumed with certainty that they will be settled.

Items, which were rearranged due to changes to the chart of accounts in 2008, are shown for the past years in order to enable substantive comparability.

Elektro Maribor d. d. is liable for the payment of taxes in conformity with the Value Added Tax Act and the Corporate Income Tax Act.

Events after the date of the balance sheet

Events, which took place after the date of the balance sheet, have no important impact on the financial statements for 2008, but they are important for the presentation of a fair image of company operations.

On the basis of a final ruling of the court, the company paid out dividends referring to the distribution of the balance sheet profit for 2006 on February 2nd 2009. All changes to capital arising from this were recorded in the financial statements for 2008.

Based on the Decision of the Government of the Republic of Slovenia, the Support centre was established on January 1st 2009. In conformity with article 50 of Interim and Final Provisions of the Energy Act – C (Official Gazette of the Republic of Slovenia, No. 70/08), the distribution network system operator, the system operator of the transfer network and distribution companies must transfer the collected surplus of assigned funds of revenues exceeding costs arising from the allowance on the mandatory purchase of electrical energy from qualified producers from the period 2002 to the end of 2008 to the Support centre. Elektro Maribor d. d. reserved funds for this purpose on the basis of a calculation of the Ministry of the Economy and presented it in the financial statements for 2008.

At the end of 2008, the validity of the regulatory framework for 2006, 2007 and 2008, expired. During the preparation of this annual report, the regulatory framework for the period 2009 - 2010 is yet unknown. The act on the determining of methodology for the calculation of network charge and the methodology for the setting of the network charge for electrical energy companies for the new regulative period was not yet enforced by the Energy Agency of the Republic of Slovenia, which represents a considerable regulatory risk in company operations in 2009. The conditions for the operations of the activity of electrical energy distribution are defined in the Act amending the Act determining the methodology for the calculation of network charge and methodology for setting the network charge, and the criteria for determining eligible costs for electrical energy networks, according to which the tariffs for the network charge for 2009 are calculated on the basis of tariffs valid on December 31st 2008, while only tariffs for the network charge for system services are raised (Official Gazette of the Republic of Slovenia, No. 126/08).

At the end of January 2009, large quantities of new heavy and wet snow caused the tearing of conductors as well as breaks and destruction of poles, which resulted in power failure on over 60 % of the covered area (around 35,000 customers had no electricity). Supply of electrical energy was disturbed above all in the area of Kozjak, Lenart, Slovenske Gorice, Haloze and the surroundings of Ptuj. Employees of Elektro Maribor d. d. and outsourcers tried to reinstate supply of electrical energy as soon as possible. The annulment of errors was hindered by the bad condition of local roads and numerous trees on the streets. All company assets are insured.

The unfavourable conditions on the market resulted in the increase of electrical energy prices for households on February 1st 2009. The difference between the purchase and sale prices is too high and we were forced to raise electricity prices for households. Elektro Maribor d. d. constantly tries to attain favourable purchase conditions in the negotiations for the purchase of electrical energy, but the price increase was inevitable due to unfavourable conditions on the market.

Relations with associated companies

The financial statements of Elektro Maribor d. d. and of associated company OVEN Elektro Maribor d. o. o. are not joined in conformity with paragraph 8 Article 56 of the Companies ACT ZGD-1, because it is not relevant for a true and fair presentation of the operating profit/loss, financial position, cash flows and changes in equity.

Individual items are important for a true and fair presentation of the operations of the group as a whole, when the associated company:

- creates more than 2 % of incomes of the parent company with the sale of electrical energy to the parent company, or
- when the balance sheet sum of the associated company exceeds 2 % of the balance sheet sum of the parent company.

All investments are classified in the group for the sale of available financial assets.

Elektro Maribor d. d. has long-term financial investments with a stake exceeding 20 % in:

- OVEN Elektro Maribor d. o. o., Vetrinjska ul. 2, Maribor 100.00 %,
- Moja Energija d. o. o., Jadranska cesta 28, Maribor 33.33 %,
- Eldom d. o. o., Vetrinjska ul. 2, Maribor 25.00 %,
- Informatika d. d., Vetrinjska ul. 2, Maribor 22.00 %.

in EUR

	CAPITAL	VALUE OF ASSETS	OPERATING PROFIT	INCOME
OVEN Elektro Maribor d. o. o., Vetrinjska ul. 2, Maribor	2,718,485	3,170,211	297,402	842,990
Moja energija d. o. o., Jadranska cesta 28, Maribor	771,181	6,938,170	485,873	6,823,383
Eldom d. o. o., Vetrinjska ul. 2, Maribor	-88,954	1,801,963	8,773	1,153,745
Informatika d. d., Vetrinjska ul. 2, Maribor	2,001,929	6,520,493	67,437	9,590,844

The management board assesses that no legal transactions, which would represent an impairment for the company, were concluded in relations with associated companies.

5.4 Financial statements

Balance sheet in EUR

	ITEM	NOTE	31 DEC 2008	31 DEC 2007
A.	**Long-term assets (I-VI)**		**266,869,271**	**251,328,156**
I.	**Intangible fixed assets and long-term accrued costs and deferred expenses (1 to 6)**	**1**	**677,473**	**219,433**
	1.Long-term property rights		677,473	219,433
II.	**Tangible assets (1 to 6)**	**2**	**262,813,505**	**247,767,851**
	1. Property and plants (a + b)		195,772,221	183,064,430
	a. Property		7,429,626	7,359,471
	b. Plants		188,342,595	175,704,959
	2. Equipment		63,939,356	57,306,061
	4. Tangible fixed assets under construction (a + b)		3,101,928	7,397,360
	a. Tangible fixed assets under construction		3,101,928	7,397,360
III.	**Investment property**	**3**	**766,101**	**705,605**
IV.	**Long-term investments (1 to 2)**	**4**	**2,560,453**	**2,572,627**
	1. Long-term financial investments, without loans (a to č)		2,560,453	2,572,627
	a. Investments into shares and stakes in companies in the groups		1,691,967	1,691,967
	b. Investments into shares and stakes of associated companies		629,230	623,497
	c. Other long-term investments into shares and stakes		73,133	91,040
	č. Other long-term financial investments		166,123	166,123
V.	**Long-term operating receivables (1 to 3)**	**5**	**51,739**	**62,640**
	2. Long-term operating receivables to customers		0	386
	3. Long-term operating receivables to others		51,739	62,254
B.	**Short-term assets (I - V)**		**54,475,336**	**51,601,521**
II.	**Inventories (1 to 4)**	**6**	**1,873,433**	**2,014,828**
	1. Material		1,873,433	2,014,828
III.	**Short-term financial investments (1 do 2)**	**7**	**1,645**	**2,002,596**
	2. Short-term loans (a to c)		1,645	2,002,596
	b. Short-term loans to others		1,645	2,002,596
IV.	**Short-term operating receivables (1 to 3)**	**8**	**41,454,133**	**44,701,105**
	1. Short-term operating receivables to companies in the group		412,203	3,317
	2. Short-term operating receivables to customers		37,585,809	38,671,115
	3. Short-term operating receivables to others		3,456,121	6,026,673
V.	**Cash**	**9**	**11,146,125**	**2,882,992**
C.	**Short-term accrued revenues**	**10**	**61,286**	**114,280**
	ASSETS (A + B + C)		**321,405,893**	**303,043,957**
	Off balance sheet assets		30,526,331	21,455,046

in EUR

	ITEM	NOTE	31 DEC 2008	31 DEC 2007
A.	**Capital**	**11**	**222,565,470**	**222,681,275**
I.	**Called up capital (1 to 2)**		**139,773,510**	**139,773,510**
	1. Share capital		139,773,510	139,773,510
II.	**Capital reserves**		**75,121,586**	**75,121,586**
III.	**Revenue reserves (1 to 5)**		**6,838,927**	**6,070,615**
	1. Statutory reserves		874,171	800,998
	5. Other revenue reserves		5,964,756	5,269,617
IV.	**Revaluation surplus**		**119,553**	**119,553**
V.	**Net profit brought forward**		**16,755**	**574,396**
	1. Net profit from previous years brought forward		16,755	574,396
VI.	**Net profit from the business year**		**695,139**	**1,021,615**
	1. Surplus of net profit from the business year		695,139	1,021,615
B.	**Provisions and long-term accrued costs and deferred expenses (1 to 3)**	**12**	**33,300,816**	**29,834,108**
	1. Provisions for pensions and similar obligations		4,332,761	4,408,368
	3. Long-term accrued costs and deferred expenses		28,968,055	25,425,740
C.	**Long-term liabilities (I to III)**	**13**	**16,312,604**	**8,512,966**
I.	**Long-term financial liabilities (1 to 4)**		**16,312,604**	**8,512,966**
	2. Long-term financial liabilities to banks and companies		16,312,604	8,512,966
Č.	**Short-term liabilities (I to III)**	**14**	**45,727,181**	**41,868,051**
II.	**Short-term financial liabilities (1 to 4)**		**5,926,569**	**2,995,123**
	2. Short-term financial liabilities to banks and companies		5,340,362	2,993,197
	4. Other short-term financial liabilities		586,207	1,926
III.	**Short-term operating liabilities (1 to 8)**		**39,800,612**	**38,872,928**
	1. Short-term operating liabilities to companies in the group		121,616	72,239
	2. Short-term operating liabilities to suppliers		28,534,439	26,910,748
	4. Short-term operating liabilities from operations for a third party		8,396,147	9,142,501
	5. Short-term operating liabilities to employees		1,568,569	1,562,681
	6. Short-term operating liabilities to national and other institutions		328,682	414,826
	7. Short-term operating liabilities on the basis of advance payments		571,965	547,136
	8. Other short-term operating liabilities		279,194	222,797
D.	**Accrued costs and deferred revenues**	**15**	**3,499,822**	**147,557**
	LIABILITIES TO SOURCES OF FUNDS (A to D)		**321,405,893**	**303,043,957**
	Off balance sheet liabilities	16	30,526,331	21,455,046

Income statement

in EUR

	ITEM	NOTE	I - XII 2008	I - XII 2007
1.	**Net sales revenues (a + b)**	**17**	**181,280,285**	**184,711,475**
	a. On the domestic market		181,280,285	184,711,475
3.	**Capitalized own products and own services**	**18**	**11,701,471**	**10,404,216**
4.	**Other operating revenues (with operating revenues from revaluation)**	**19**	**1,688,889**	**3,736,542**
5.	**Costs of goods, materials and services (a + b)**	**20**	**145,051,237**	**155,051,649**
	a. Cost of goods and materials sold and cost of materials used		136,285,303	136,898,624
	b. Costs of services		8,765,934	18,153,025
6.	**Labour costs (a + b + c + d)**	**21**	**23,991,178**	**22,226,586**
	a. Costs of wages and salaries		16,856,956	15,511,821
	b. Costs of additional pension insurance of employees		848,158	771,279
	c .Costs of employer's contributions and other charges		2,999,102	3,086,987
	d. Other labour costs		3,286,962	2,856,499
7.	**Write-offs (a + b + c)**	**22**	**21,380,013**	**18,809,082**
	a. Depreciation		18,208,218	17,930,983
	b. Operating revenues for tangible and intangible fixed assets from revaluation		49,815	51,550
	c. Operating revenues for current assets from revaluation		3,121,980	826,549
8.	**Other operating expenses**	**23**	**1,288,018**	**2,200,407**
9.	**Financial revenues from equity interests (a+b+c+č)**	**24**	**13,994**	**22,438**
	b. Financial revenues from equity in other companies in the group		0	22,438
	c. Financial revenues from equity in other companies		13,994	0
10.	**Financial revenues from loans (a+b)**	**25**	**518,395**	**217,210**
	b. Financial revenues from loans given to others		518,395	217,210
11.	**Financial revenues from operating receivables (a + b)**	**26**	**534,026**	**443,716**
	b. Financial revenues from operating receivables due by others		534,026	443,716
12.	**Financial expenses arising from impairment and investment write-offs**		**0**	**897**
13.	**Financial expenses arising from financial liabilities (a + b + c + č)**	**27**	**900,571**	**408,814**
	b. Financial expenses arising from loans		900,170	404,668
	č. Financial expenses arising from other financial liabilities		401	4,146
14.	**Financial expenses arising from operating liabilities (a + b + c)**	**28**	**2,285**	**3,887**
	b. Financial expenses arising from liabilities to suppliers and notes		1,545	939
	c. Financial expenses arising from other operating liabilities		740	2,948
15.	**Other revenues**	**29**	**990,045**	**1,366,704**
16.	**Other expenses (a + b)**	**30**	**2,650,352**	**50,211**
17.	**NET PROFIT (OR LOSS) FROM ORDINARY ACTIVITIES BEFORE TAX (1 + 2 + 3 + 4 - 5 - 6 - 7 - 8 + 9 + 10 + 11 - 12 - 13 - 14 + 15 - 16)**	**31**	**1,463,451**	**2,150,768**
20.	**NET PROFIT (OR LOSS) FROM ORDINARY ACTIVITIES (1 + 2 +3 + 4 - 5 - 6 - 7 - 8 + 9 + 10 + 11 - 12 - 13 - 14 + 15 - 16 - 17 - 18 + 19)**		**1,463,451**	**2,150,768**

Cash flow statement **in EUR**

ITEM	NOTE	I - XII 2008	I - XII 2007
A. Cash flows from operating activities	**32**		
a) Inflows from operating activities		**330,284,987**	**271,343,384**
aa) Inflows from the sale of products and services		328,006,373	268,927,830
ab) Other inflows from operating activities		2,278,614	2,415,554
b) Outflows from operating activities		**-308,616,750**	**-256,779,085**
ba) Outflows for purchased material and services		-276,934,145	-227,470,597
bb) Outflows for salaries and workers' participation in profit		-13,933,861	-13,033,932
bc) Outflows for levies		-16,337,706	-14,824,418
bd) Other outflows from operating activities		-1,411,038	-1,450,138
c) Net cash flow from operating liabilities (a+b)		**21,668,237**	**14,564,299**
B Cash flow from investing activities	**33**		
a) Inflows from investing activities		**16,525,101**	**17,438,970**
aa) Revenues from investment interests and participation in the profit of other companies referring to investing activities		455,642	212,280
ac) Revenues from disposal of intangible assets		37,559	226,690
ae) Revenues from disposal of long-term financial investments		31,900	0
ae) Revenues from short-term financial investments		16,000,000	17,000,000
b) Outflows from investing activities		**-38,225,929**	**-37,709,482**
ba) Acquisition of intangible assets		-912,897	-140,318
bb) Acquisition of tangible fixed assets		-23,313,032	-18,569,164
bd) Acquisition of short-term financial investments		-14,000,000	-19,000,000
c) Cash flow from investing activities (a+b)		**-21,700,828**	**-20,270,512**
C Cash flows from financing activities	**34**		
a) Inflows from financing activities		**61,898,000**	**88,535,852**
ab) Inflows from increase of long-term financial liabilities		14,600,000	8,345,852
ac) Inflows from increase of short-term financial liabilities		47,298,000	80,190,000
b) Outflows from financing activities		**-53,602,276**	**-83,160,849**
ba) Outflows for interests referring to financial liabilities		-868,903	-370,826
bc) Repayment of long-term financial liabilities		-4,453,199	-1,932,265
bd) Repayment of short-term financial liabilities		-47,298,000	-80,190,000
be) Outflows for dividends and other participation in profit		-982,174	-667,758
c) Net cash flow in financing activities (a+b)		**8,295,724**	**5,375,003**
Č Closing balance of cash and cash equivalents		**11,146,125**	**2,882,992**
x) Financial result in the period (sum of profits from Ac, Bc in Cc)		**8,263,133**	**-331,210**
+			
y) Opening balance of cash and cash equivalents		**2,882,992**	**3,214,202**

Statement of changes in equity — in EUR

		CALLED-UP CAPITAL		CAPITAL RESERVES			PROFIT BROUGHT FORWARD	NET PROFIT	TOTAL
	Year 2008	Share capital	Capital reserves	Statutory reserves	Other profit reserves	Equity revaluation adjustment	Profit brought forward	Net profit	
		I/1	II	III/1	III/5	IV	V/1	VI/1	
A.	**Opening balance in the period**	**139,773,510**	**75,121,586**	**800,998**	**5,269,617**	**119,553**	**1,596,011**	**0**	**222,681,275**
B.	**Equity inflows**	**0**	**0**	**0**	**0**	**0**	**0**	**1,463,451**	**1,463,451**
d)	Entry of the net profit/loss for the financial year							1,463,451	1,463,451
f)	Entry of the amount of equity revaluation adjustment								
C.	**Changes in equity**	**0**	**0**	**73,173**	**695,139**	**0**	**0**	**-768,312**	**0**
a)	Distribution of net profit as equity component based on a decision of the management and supervisory board			73,173	695,139			-768,312	
b)	Creation of reserves based on the decision of the Annual General Meeting								
Č.	**Equity outflows**	**0**	**0**	**0**	**0**	**0**	**-1,579,256**	**0**	**-1,579,256**
a)	Payment of dividends						-1,579,256		
D.	**Closing balance in the period**	**139,773,510**	**75,121,586**	**874,171**	**5,964,756**	**119,553**	**16,755**	**695,139**	**222,565,470**

in EUR

		CALLED-UP CAPITAL		CAPITAL RESERVES			PROFIT BROUGHT FORWARD	NET PROFIT	TOTAL
	Year 2007	Share capital	Capital reserves	Statutory reserves	Other profit reserves	Equity revaluation adjustment	Profit brought forward	Net profit	
		I/1	II	III/1	III/5	IV	V/1	VI/1	
A.	**Opening balance in the period**	**139,773,510**	**75,121,586**	**693,460**	**4,248,002**	**107,263**	**1,244,302**	**0**	**221,188,123**
B.	**Equity inflows**	**0**	**0**	**0**	**0**	**12,290**	**0**	**2,150,768**	**2,163,058**
d)	Entry of the net profit/loss for the financial year							2,150,768	2,150,768
f)	Entry of the amount of equity revaluation adjustment					12,290			
C.	**Changes in equity**	**0**	**0**	**107,538**	**1,021,615**	**0**	**0**	**-1,129,153**	**0**
a)	Distribution of net profit as equity component based on a decision of the management and supervisory board			107,538	1,021,615			-1,129,153	
b)	Creation of reserves based on the decision of the Annual General Meeting								
Č.	**Equity outflows**	**0**	**0**	**0**	**0**	**0**	**-669,906**	**0**	**-669,906**
a)	Payment of dividends						-669,906		
D.	**Closing balance in the period**	**139,773,510**	**75,121,586**	**800,998**	**5,269,617**	**119,553**	**574,396**	**1,021,615**	**222,681,275**

Establishing distributable profit and proposals for its distribution

in EUR

BALANCE SHEET PROFIT	2008	2007
a) Net profit (or loss) for the financial year	**1,463,451**	**2,150,768**
b) Profit brought forward	**16,755**	**574,396**
č) Increase of reserves from profit based on a decision of the management board	**73,173**	**107,538**
Statutory reserves	73,173	107,538
d) Increase of reserve from profits based on a decision of the management and supervisory board	**695,139**	**1,021,615**
Other reserves from profit	695,139	1,021,615
BALANCE SHEET PROFIT 2008 (a+b-č-d)	**711,894**	**1,596,011**

The Annual General Meeting of shareholders decided on the distribution of the balance sheet profit for 2007 in the amount of 1,596,011 EUR on August 26th 2008. The Annual General Meeting confirmed the proposal of the management and supervisory board and allocated the balance sheet profit in the amount of 1,596,010,75 EUR as follows:

- Part of the balance sheet profit in the amount of 1,004,859.72 EUR is used for the payment of dividends to shareholders in the amount of 0.03 EUR gross per share,
- Part of the balance sheet profit in the amount of 591,151.03 EUR is brought forward.

The company constantly strives to direct its operating policy towards the satisfaction of needs and expectations of its customers, suppliers, owners and the entire broader public. The company management board therefore decided that part of the net profit for the financial year of 2008 in the amount of 1,463,450.83 UER, which totals 1,390,278.29 EUR after use for the formation of statutory reserves in the amount of 73,172.54 EUR, shall also be used for the creation of other reserves from profit in the amount of 659,139.15 EUR.

The balance sheet profit of 711,894.41 EUR, consisting of profit brought forward in the amount of 16,755.27 EUR and the balance sheet profit of the financial year in the amount of 695,139.14 EUR, is subject to the proposal for use at the Annual General Meeting.

The company recorded a reduction of liquidity among its customers already at the end of the financial year. As anticipated, the global economic and financial crisis also has an impact on the operations of our company. The reduction of liquidity increases the need for taking debts. Although we are devoting a lot of efforts to controlling financial risks, we cannot state with certainty that we will be able to assure sufficient funds for the financing of investments.

The management and supervisory board therefore propose to the Annual General Meeting that the balance sheet profit of the financial year 2008 in the amount of 711,894.41 EUR is brought forward.

5.5 Notes to the financial statements

Basis for the preparation of financial statements

The bases for the preparation of financial statements are legal and professional rules on accounting and guidelines, policies and rules, stated below, which are consistently applied throughout all accounting periods.

Importance of disclosure

The company defined the importance of disclosure in financial statements with internal acts, for every category of assets, liabilities, revenues and expenses separately.

5.5.1 Notes to the balance sheet

Information on the basis for the preparation of the balance sheet and special accounting policies and methods used in the recording of business events are presented below under notes on the balance and flow of individual funds and liabilities to sources of funds.

The balance sheet is a fundamental financial statement, which shows the assets and its sources as of December 31st 2008. Assets includes all active items of the balance sheet financed by the sources of funds. The balance sheet provides individual users an essential accounting information for the purpose of controlling the economic position and growth of the company.

The balance sheet is formed as a serial two-level statement, defined in the Slovenian Accounting Standards 24.4 and in the Companies Act ZGD-1. The items in the balance sheet are shown according to carrying amount as the difference between the acquisition value and the deducted correction of value. The principle of individual evaluation of assets and liabilities to sources were considered in the preparation of the balance sheet.

The company does not have at its disposal additional information that would be important for a fair presentation of the company and these items are not defined in the form of the balance sheet.

Corporate Income Tax is accounted for on the basis of revenues and expenses presented in the income statement under the consideration of provisions of the Corporate Income Tax Act. This levy is a tax, for which it is anticipated that it will be paid from the profit for the financial year liable for taxation in conformity with the tax rates valid on the day of reporting.

Deferred claims for tax are amounts of taxes on profit that will be reimbursed in the following periods with regard to the deduced temporary differences and the transfer of unused tax loses and tax credits to the following periods. The company recognizes deferred receivables for tax only if it is likely, that the available profit liable for tax, to the burden of which the deduced temporary differences can be used, will most likely appear in the future. The company recognizes liabilities on deferred taxes only if considerable amounts are at stake and if their omission would affect the business decisions of costumers.

Due to the unclear definition regarding the company operations in the future and other facts it cannot be assessed with certainty whether the company will create sufficient profit liable for tax in the future in order to be able to enforce the receivables for deferred taxes. Therefore, the company did not recognize the deferred claims for tax in the closing balance for 2008.

In the settlement of the corporate income tax for the period from January 1st till December 31st 2008, the company recognized uncovered tax loss from previous tax periods in the amount of 11,690,188 EUR, which originated above all from the revaluation of tangible fixed assets carried out in 2000. For the recognition of receivables for deferred taxes referring to unused tax losses, future profits must be likely and there cannot be any considerable doubts.

If we could claim with certainty that the company would in the near future create a profit that could be covered with unused tax losses in reasonable time, the company would show a receivable in the amount of 2,454,939 EUR in the balance sheet. The company covered a tax loss of 4,916,153 EUR from previous years in 2008.

On the basis of the planned business result for 2009, we anticipate that the company will not recognize receivables for deferred taxes.

Intangible assets
(note 1)

The company uses the cost model for the measurement of all groups of intangible assets and long-term accrued revenues.

An intangible asset is at the beginning evaluated according to the cost, which includes all acqusition levies after the deduction of commercial and other discounts as well as all directly attributable costs of preparing the instrument for use.

The books separately show costs and the correction of the value for intangible assets. In the balance sheet, the assets are shown according to their accounting value, which is the difference between the cost and the correction of value.

Intangible assets in the company have an end period of utility of three years and an depreciation rate of 33.33 %. They are depreciated separately, in conformity with the straight-line basis. The depreciation of an intangible asset commences as soon as it is available for use.

The company revaluates intangible assets due to impairment when their accounting value exceeds the recoverable amount. The recoverable amount is the net sale value or value at use, depending on which is higher.

Among intangible assets, the company shows long-term property rights in the amount of 677,473 EUR, which arise from investments into licences of system and applicative software with an end period of utility of 3 years.

Balance and flow of intangible assets **in EUR**

Cost	
Balance as of January 1st 2008	1,899,826
Increase	894,228
Reduction	
Transfer	31,234
Balance as of December 31st 2008	2,825,288
Value written-off	
Balance as of January 1st 2008	1,680,393
Reduction	
Transfer	23,060
Depreciation	444,362
Balance as of December 31st 2008	2,147,815
Not written-off value	
Balance as of January 1st 2008	219,433
Balance as of December 31st 2008	677,473

The increase of investments into intangible assets totalled 894,228 EUR in 2008 and referred above all to:

- investments into software equipment DCV in the amount of 533,754 EUR,
- investments into computer software solutions and licences in the amount of 202,645 EUR,
- investments into software equipment for the entry, control and analysis of data in the amount of 64,200 EUR, and
- investments into the upgrading of the system of authorization of access to business objects in the amount of 55,545 EUR.

Reduction refers to the charged depreciation in the amount of 444,362 EUR.

Tangible fixed assets
(note 2)

The company applies the cost model for the measurement of all groups of tangible fixed assets. The cost includes all costs that can be ascribed to the commissioning of the asset for use. The cost of a tangible fixed asset, built or produced in the company, consists of costs caused by the building or construction, and indirect costs of its building or construction. The company also shows fixed assets assumed for free and part-financed among tangible fixed assets.

The business books separately present amounts of costs for tangible fixed assets and amounts of value corrections, whereby the value correction also represents its cumulative write-off as a consequence of depreciation. In the balance sheet, the assets are shown according to their accounting value, which is the difference between the cost and the correction of value.

If the cost of a tangible asset is high, it is distributed among its parts. If these parts have different periods of utility important in the relation to the overall cost of the tangible fixed assets, each individual part is handled individually.

Depreciation is charged separately, in conformity with the straight-line basis and commences on the first day of the next month after the asset becomes available for use.

Investments into fixed assets are delimitated by the company on the basis of the system instruction for the delimitation of investments into fixed assets and maintenance costs defined by the Attachment to the Regulation on tangible fixed assets and depreciation.

In 2000, the company carried out an evaluation of the value of tangible and intangible fixed assets from which the impairment of assets, which were mandatory, originated.

The company has no fixed assets that would be acquired through financial leasing.

All fixed assets are owned by the company and are not pledged as a guarantee for debts.

The state of tangible fixed assets as of December 31st 2008 is 6 % higher than at the beginning of the financial year. The tangible fixed assets represent 81.7 % of the balance sheet sum of the company, while the company earmarked 31,776,183 EUR for investments into fixed assets.

Balance and flow of tangible fixed assets in 2008 — in EUR

	LAND	CONSTRUC-TION WORKS	EQUIPMENT	CURRENT INVESTMENTS	TOTAL TANGIBLE FIXED ASSETS
Deemed Cost					
Balance as of January 1st 2008	7,359,471	578,388,486	128,650,750	7,397,360	721,796,067
Increase	70,155	22,504,020	12,034,210	33,830,903	68,439,288
Reduction		-20,945	-1,603,089	-38,126,335	-39,750,369
Transfer		206,853	-238,087		-31,234
Balance as of December 31st 2008	7,429,626	601,078,414	138,843,784	3,101,928	750,453,752
Written-off value					
Balance as of January 1st 2008		402,683,527	71,344,689		474,028,216
Transfers		50,017	-73,077		-23,060
Reductions – write-offs		-17,091	-1,548,447		-1,565,538
Reductions - renewal		-2,350,154	-189,108		-2,539,262
Depreciation		12,369,520	5,370,371		17,739,891
Balance as of December 31st 2008		412,735,819	74,904,428		487,640,247
Not written off value					
Balance as of January 1st 2008	7,359,471	175,704,959	57,306,061	7,397,360	247,767,851
Balance as of December 31st 2008	7,429,626	188,342,595	63,939,356	3,101,928	262,813,505

Balance and flow of tangible fixed assets in 2007 — in EUR

	LAND	CONSTRUC-TION WORKS	EQUIPMENT	CURRENT INVESTMENTS	TOTAL TANGIBLE FIXED ASSETS
Deemed Cost					
Balance as of January 1st 2007	7,349,584	567,944,873	120,411,017	3,923,616	699,629,090
Increase	127,564	11,855,499	9,333,775	27,629,358	48,946,196
Reduction	-94,023	-78,708	-1,137,233	-24,155,614	-25,465,578
Transfer	10,071	-53,265	43,194		
Reclassification of investment property	-33,725	-1,279,907			-1,313,632
Balance as of December 31st 2007	7,359,471	578,388,492	128,650,753	7,397,360	721,796,076
Written-off value					
Balance as of January 1st 2007		392,697,799	68,133,295		460,831,094
Transfers		-18,247	18,247		
Reductions – write-offs		-50	-1,065,522		-1,065,572
Reductions - renewal		-1,817,464	-867,887		-2,685,351
Reclassification of investment property		-606,425			-606,425
Depreciation		12,427,920	5,126,559		17,554,479
Balance as of December 31st 2007		402,683,533	71,344,692		474,028,225
Not written off value					
Balance as of January 1st 2007	7,349,584	175,247,074	52,277,722	3,923,616	238,797,996
Balance as of December 31st 2007	7,359,471	175,704,959	57,306,061	7,397,360	247,767,851

Considerable increases of tangible fixed assets above all refer to:

- construction works, in the amount of 22,504,020 EUR, of which 14,848,423 EUR were earmarked for the construction of cable conduits and 2,306,704 EUR for the construction of TS and DTS,
- equipment, in the amount of 12,034,210 EUR, of which 6,023,234 EUR for the purchase of equipment for TS and DTS, 2,591,335 EUR for the purchase of electrical energy meters, measurement and control devices and 1,051,088 EUR for the purchase of electrical energy transformers.

Reductions of corrections of the value of construction works totalled 2,367,245 EUR and above all referred to the renewal of tangible fixed assets that enable the prolongation of the initially determined life span.

Reductions of corrections of the value of equipment totalled 1,737,555 EUR and above all referred to the elimination of measurement and control devices, computer equipment and transport vehicles.

The rate of writing off construction works is 68.7 % and the rate of writing off equipment is 53.9 %.

Fixed assets under construction and which cannot be used yet amount to 3,101,928 EUR.

In conformity with the contract on the leasing of electrical energy distribution infrastructure and implementation of services for the electrical energy distribution system operator, the company leased the electrical energy distribution infrastructure to company SODO d. o. o., Electrical Energy Distribution System Operator. The operator is on the basis of the Energy Act and the concession contract the only holder of a concession for the realization of the public utility service of the electrical energy distribution system operator. The value of the electrical energy distribution infrastructure leased to SODO d. o. o., Electrical Energy Distribution System Operator, totalled 235,291,461 EUR as of December 31st 2008.

Balance and flow of electrical energy distribution infrastructure in 2008 **in EUR**

	LAND	CONSTRUCTION WORKS	EQUIPMENT	TOTAL TANGIBLE FIXED ASSETS
Deemed Cost				
Balance as of January 1st 2008	4,398,567	554,480,287	108,027,695	666,906,549
Increase	70,155	21,408,979	9,940,354	31,419,488
Reduction		-14,285	-591,579	-605,864
Balance as of December 31st 2008	4,468,722	575,874,981	117,376,470	697,720,173
Written-off value				
Balance as of January 1st 2008		392,597,942	56,638,320	449,236,262
Reduction		-1,809,535	-795,939	-2,605,474
Depreciation		11,904,029	3,893,895	15,797,924
Balance as of December 31st 2008		402,692,436	59,736,276	462,428,712
Not written off value				
Balance as of January 1st 2008	4,398,567	161,882,345	51,389,375	217,670,287
Balance as of December 31st 2008	4,468,722	173,182,545	57,640,194	235,291,461

Investment property
(note 3)

Investment property is property owned with the intent to bring rent and thus increase the value of the long-term investment.

The company measures investment property according to the cost model. The correction of value is carried out for the amount of depreciation established in the final annual report. The company applies the straight-line basis model. In the balance sheet, investment property is shown according to the accounting value, which is the difference between the cost and the correction of value.

The cost of investment property consists of the acquisition price and costs that can be directly attributed to the acquisition. Such costs include earnings for legal services, taxes from the transfer of property and other costs associated with the transaction.

Property under construction for future use as investment property are handled by the company as ownership property. As soon as construction or development is concluded, the property is classified as investment property.

Profits or losses from the disposal of investment property is established as a difference between net return at disposal and the accounting value of assets and is recognized in the income statement.

The company carries out the revaluation of property due to the impairment after its accounting value exceeds the recoverable amount. The recoverable amount is the net sale value or value at use, depending on which is higher.

The increase of value of property investment refers above all to the purchase of a holiday object in Terme Olimia in the amount of 62,500 EUR.

The depreciation cost was 23,964 EUR in 2008.

The company created 107,091 EUR of revenues with the renting of holidays capacities in 2008 and another 9,547 EUR from rents for apartments.

Costs related to the maintenance of holiday capacities and depreciation totalled 122,182 EUR, while the company earmarked 3,821 EUR for the maintenance of apartments and depreciation in 2008.

Balance and flow of investment property **in EUR**

Deemed Cost	
Balance as of January 1st 2008	1,313,632
Increase	84,460
Reduction	
Balance as of December 31st 2008	1,398,092
Written-off value	
Balance as of January 1st 2008	608,027
Reductions - write-offs	
Reduction	
Depreciation	23,964
Balance as of December 31st 2008	631,991
Not written off value	
Balance as of January 1st 2008	705,605
Balance as of December 31st 2008	766,101

Long-term financial investments
(note 4)

Financial investments are a component part of the financial instruments of a company. These are financial assets, which the company investor holds in order to increase its financial revenues with returns from these financial assets.

Long-term financial investments are investments, which the company plans to keep for more than one year, and which are not kept for trading.

After the initial recognition, a financial investment is measured according to fair value. The costs of the transaction arising directly from the purchase or issue of the financial asset are added to the initially recognized value. The fair value of the financial investment is its published value on an active securities market.

Long-term financial investments into the capital of associated companies are evaluated according to costs. Participation in the profit of an associated company is recognized in the profit or loss statement of the controlling company after the latter acquires the right to the payment of participation.

On every day of the balance sheet, the company assesses whether there is impartial evidence on the potential impairment of the financial investment. If such evidence exists, the financial investment must undergo revaluation. The fair value of the financial investment is its published value on an active securities market. The company recognizes changes to the fair value of financial investments in capital as increase or reduction of revaluation adjustment surplus.

The company carries out a revaluation of a long-term financial investment due to impairment, when impartial and objective evidence exists that the company will not be able to offset the cost of the financial investment.
The company classifies all financial investments into the group for sale of available financial assets.

The company has an investment in the company in the group OVEN Elektro Maribor d. o. o. in the amount of 1,691,967 EUR, of which it owns 100 %, and into associated companies Informatika d. d. in the amount of 437,530 EUR, Eldom d. o. o. in the amount of 191,699 EUR and Moja energija d. o. o. in the amount of 42,158 EUR. The company formed an overall correction of value for the latter investment.

Flow of long-term financial investments **in EUR**

	BALANCE AS OF JANUARY 1ST 2008	REDUCTIONS	INCREASES	BALANCE AS OF DECEMBER 31ST 2008
Investments into shares and stakes in companies in the group	1,691,967	0	0	1,691,967
Investments into shares and stakes of associated companies	623,497	0	5,733	629,230
Other long-term investments into shares and stakes	91,040	17,907	0	73,133
Other long-term financial investments	166,123	0	0	166,123
Total	**2,572,627**	**17,907**	**5,733**	**2,560,453**

On the basis of a decision adopted at the 18th Annual General Meeting of SID bank (Slovene Export and Development Bank Inc., Ljubljana) on the transfer of shares of other shareholders to the main shareholders - Republic of Slovenia, compensation was paid out to minority shareholders. Elektro Maribor d. d. was entitled to a compensation as well.

Long-term operating receivables
(note 5)

Receivables of all kinds are at the beginning shown with amounts arising from appropriate documents under the presumption that they will be paid.

Part of the long-term operating receivables, which becomes mature at the latest one year after the date of the balance sheet sum, is classified under short-term operating receivables.

Receivables, for which it is assumed that they will not be repaid or are not repaid in the regular deadline, are classified as uncertain and questionable.

The company carries out revaluation of receivables due to impairment in case of impartial evidence that the previous accounting value of the receivable was higher than the current value of anticipated future cash flows.

The company applies an individual approach in the formation of corrections for uncertain and questionable receivables. The correction of the value is formed for the overall value of the receivable towards a customers, regardless of the level of enforceability. The company also forms a correction of the value of receivables when it has information on the introduction of forced settlement or bankruptcy proceedings or a lawsuit.

The balance sheet shows the receivables in net value, which means that they are reduced for the corrections of the value for uncertain and questionable receivables.

Receivables for deferred taxes are recognized if it is likely, that an available taxable profit, which can be burdened with the deducted temporary differences, will emerge.

Long-term operating receivables include above all receivables from the sale of companies to employees in accordance with the Housing Act. The maturity of these receivables is from 10 to 15 years.

Receivables are reduced for the part of receivables that become mature within one year from the day of preparation of the balance sheet.

in EUR

	2008	2007
Long-term operating receivables	63,579	78,537
Short-term part of long-term operating receivables	-11,840	-15,897
Total	**51,739**	**62,640**

Inventories
(note 6)

The quantity unit of inventories is at the initial recognition evaluated according to costs, which consist of the purchase price, import and other non-refundable acquisition levies and direct costs. The purchase price is reduced for received discounts.

Capitalization of inventories is carried out according to the cost principle. The inventories are valued according to the moving average prices method.

Inventories undergo revaluation due to impairment if the accounting value exceeds their market value. The value of inventories is reduced also due to the write-off of unserviceable material.

The accounting value of inventories in the company on December 31st 2008 does not exceed the net recoverable amount.

Inventory of material as of December 31st 2008 consists above all from inventories of material for instalment in own investments and spare parts for the maintenance of fixed assets. In comparison to 2007, inventories are 8 % or 141,395 EUR lower. The lower balance of inventories is the consequence of implementation of a strict purchase policy and the maintenance of an optimum balance of inventories that enables an undisturbed work process.

Until December 31st 2008, the company wrote off for 12,288 EUR of inventory of material, because it was no longer of use for the company activities.

The company has for 115,225 EUR of inventories on December 31st 2008, for which there was no flow in the period of October 1st 2006 until September 30th 2008, because they are defined as inventory of reserves for operations.

No inventory deficits or surpluses were recorded in the registering of material in 2008.

in EUR

	2008	2007
Material and small inventory	1,873,433	2,014,828
Total	**1,873,433**	**2,014,828**

Short-term financial investments
(note 7)

The company at the beginning shows short-term financial investments according to costs, which includes invested cash and other assets.

Short-term financial investments of the company represent the short-term part of housing loans granted to employees.

in EUR

	2008	2007
Short-term loans to others	1,645	2,002,596
Total	**1,645**	**2,002,596**

Short-term operating receivables
(note 8)

Short-term operating receivables are receivables that become mature at the latest one year from the date of the balance sheet sum.

Short-term operating receivables are originally shown in amounts arising from authentic accounting documents and for which it is anticipated that they will be repaid.

The balance sheet sum shows the short-term operating receivables in net value. The company forms a correction of the value for receivables that are considered doubtful as regards repayment, whereby it applies an individual approach.

The balance of short-term operating receivables on December 31st 2008 totalled 41,454,133 EUR or 8 % less than on December 31st 2007.

in EUR

	2008	2007
Short-term operating receivables to companies in the group	412,203	3,317
Short-term operating receivables to customers	37,585,809	38,671,115
Short-term operating receivables to others	3,456,121	6,026,673
Total	**41,454,133**	**44,701,105**

Short-term operating receivables to customers represent 90 % of short-term operating receivables. Among short-term operating receivables to customers are above all receivables for sold electrical energy and use of network in the amount of 27,653,703 EUR, receivables for sold services in the amount of 3,418,481 EUR and receivables for the leasing of the electrical energy distribution infrastructure and performed services to company SODO d. o. o., Electricity distribution system operator, in the amount of 6,445,129 EUR.

Short-term operating receivables to others fell 43 % as a consequence of adjustment of pre-payments for the purchase of electrical energy charged throughout the year with the losses for which a credit note was issued after settlement at the end of the year.

Flow of short-term operating receivables **in EUR**

	BALANCE AS OF JANUARY 1ST 2008	REDUCTION	INCREASE	BALANCE AS OF DECEMBER 31ST 2008
Short-term operating receivables to companies in the group	3,317	225,883	634,769	412,203
Short-term operating receivables to customers	38,671,115	310,660,651	309,575,345	37,585,809
Short-term operating receivables to others	6,026,673	206,391,130	203,820,578	3,456,121
Total	**44,701,105**	**517,277,664**	**514,030,692**	**41,454,133**

For questionable and doubtful receivables the company in conformity with the regulation formed a correction of the value in the amount of 3,121,980 EUR, which refers above all to receivables for sold electrical energy and use of network. Questionable receivables represent receivables reported in bankruptcy proceedings and forced settlement, while doubtful receivables are receivables for which it is considered that they will not be repaid or only partially.

Flow of corrections of the value of receivables **in EUR**

	BALANCE AS OF JANUARY 1ST 2008	REDUCTION	INCREASE	BALANCE AS OF DECEMBER 31ST 2008
Corrections of the value of receivables	2,419,980	691,642	3,077,432	4,805,770
Total	**2,419,980**	**691,642**	**3,077,432**	**4,805,770**

The company insured receivables to important buyers of electrical energy and services with notes. Statements to the notes include "no protest" and "non-transferable" clauses and are enforceable upon first call.

The company has no receivables towards the management and supervisory board, except regular invoices for electrical energy.
The company also does not have shown receivables for deferred tax.

Breakdown of short-term receivables by maturity **in EUR**

	DECEMBER 31ST 2008	STRUCTURE IN %	DECEMBER 31ST 2007	STRUCTURE IN %
Non past due receivables	35,559,469	85,8	38,500,686	86,1
Past due less than 30 days	3,949,405	9,5	3,714,521	8,3
Past due between 31 and 60 days	957,426	2,3	1,662,937	3,7
Past due between 61 and 90 days	735,810	1,8	394,997	0,9
Past due above 90 days	252,023	0,6	427,963	1,0
Total	**41,454,133**	**100,0**	**44,701,104**	**100,0**

The chart shows short-term operating receivables by maturity, from non past due receivables to receivables above 90 days. It is evident that the majority of receivables were non past due in 2008 (85.8 %) and in 2007 (86.1 %).

It is also evident from the chart that there are the least receivables past due above 90 days, which is positive, because it is clear that older receivables are the most difficult to enforce. The number of receivables older than 90 days fell 41.1 % in 2008 in comparison to 2007.

The largest share of receivables are receivables for electrical energy and use of the network - 67.2 % in 2008 and 71.6 % in 2007.

Cash and cash equivalents
(note 9)

Cash and cash equivalents means cash on transaction accounts with banks and cash equivalents - investments, which can easily be converted into an in-advance known amount of cash.

At the initial recognition, cash and cash equivalents are shown in amounts arising from appropriate documents, after the verification of documents.

Cash and cash equivalents expressed in a foreign currency are converted into the national currency according to the exchange rate valid on the day of receipt.

The balance sheet runs under item cash and cash equivalents the cash on transaction accounts and deposits redeemable at notice.

On December 31st 2008, the company had 3,964 EUR on transaction accounts of business banks and for 11,142,161 EUR of redeemable deposits.

in EUR

	2008	2007
Cash items in the process of collection	0	44
Funds on accounts	3,964	2,882,948
Redeemable deposits	11,142,161	2,882,948
Total	**11,146,125**	**2,882,992**

In order to overcome liquidity problems, the company took a framework loan in 2008 in the amount of 6,300,000 EUR, which it used to cover its liabilities. The loan was repaid as soon as funds exceeded mature liabilities.

Short-term accrued revenues
(note 10)

Short-term accrued revenues are receivables and other assets, which are expected to appear within one year, their occurrence is likely and the volume is reliably assessed.

At their formation, these revenues represent amounts that do not burden the activities of the company and do not have an impact on the profit or loss statement.

The short-term accrued revenues include short-term deferred costs (expenses) and the previously not charged revenues, which are shown separately and broken down into more important types.

The balance sheet shows items in real amounts, which do not include hidden reserves.

in EUR

	2008	2007
Short-term deferred expenses	52,724	105,816
Notes	8,562	8,464
Total	**61,286**	**114,280**

The short-term accrued revenues above all include the in advance paid tuition fees of employees in the amount of 15,263 EUR, the delimited cost of acquisition of vignettes in the amount of 13,429 EUR, the in advance paid amounts for subscriptions to telecommunication services and other subscriptions in the amount of 14,152 EUR and stationery in the amount of 8,562 EUR.

The balance of short-term accrued revenues is in comparison to the balance at the end of 2007 lower by the amount of non-charged services of technical support for computer products, which were charged at the end of 2007.

Capital
(note 11)

The total capital of the company includes share capital, capital reserves, reserves from profit, profit brought forwards, revaluation surplus and the undistributed net profit for the financial year.

The share capital is recognized at the occurrence of cash or in-king contributions to the company and preliminary also at the occurrence of recei-vables to subscribers of capital. All capital components apart from share capital are held by owners of share capital in proportion to their ownership shares.

Reserves from profit are recognized with a decision of the management and supervisory board and the Annual General Meeting.

Profit brought forward is recognized after the confirmation of a decision on the distribution of profit for an individual financial year and does not include amounts for reserves.

The revaluation surplus is recognized on the basis of performed revaluation of investments at the end of the financial year.

The undistributed net profit for the financial year is recognized on the basis of necessary calculations for the financial year.

The flow of capital items is shown in the statement of capital flow.

The share capital of the company registered at the competent court amounted to 139,773,510.27 EUR and is divided into 33,495,324 ordinary registered no-par shares. Ordinary shares give their holders the right to participate in the management of the company, to participate in profit sharing (dividends) and to receive an equal share of the remaining property after liquidation or bankruptcy of the company. All shares are shares of one class and were paid in entirely. They are issued in non-materialized form and are managed by the CSCC - Central Securities Clearing Corporation in conformity with the legislation.

Capital reserves amount to 75,121,586 EUR and consist of the amount of general share capital revaluation adjustment before 2006.

in EUR

	2008	2007
Share capital	139,773,510	139,773,510
Capital reserves	75,121,586	75,121,586
Statutory reserves	874,171	800,998
Other reserves from profit	5,964,756	5,269,617
Revaluation surplus	119,553	119,553
Net profit brought forward	16,755	574,396
Net profit for the financial year	695,139	1,021,615
Total	**222,565,470**	**222,681,275**

Reserves from profit include statutory reserves in the amount of 874,171 EUR and other reserves from profit formed in the amount of 5,964,756 EUR.

The revaluation surplus includes the evaluation of the investment into investment fund Alfa to its fair value in the past operating periods. In 2008, the company did not impair this investment, because the fair value of the investment did not fall by more than 20 % in comparison to the acquisition value on the day of issue of the balance sheet.

The company showed a profit of 1,463,450.83 EUR in 2008, which was used for the formation of statutory reserves in the amount of 73,172.54 EUR and for the formation of other reserves from profit in the amount of 695,139.15 EUR, following a decision by the management and supervisory board.

The accounting value of one share was 6.64 EUR on December 31st 2008.

The balance sheet profit is shown in the attachment to the capital flow for 2008.

Provisions and long-term accrued costs and deferred expenses
(note 12)

The company forms reservations in the form of in advance calculated costs or expenses with the intention to gather amounts that will enable the covering of costs respectively expenses in the future.

The accounting value of provisions is the same as their original value reduced by used amounts, until the need for their increase or reduction arises.

The company is forming provisions for jubilee awards and severance pay at retirement, which result from the calculation of the authorized actuary according to the balance at the beginning and end of the financial year. The actuary calculation is based on the Unit Credit method and is carried out at the end of every financial year, when the company harmonizes the value and balance of provisions.

The company forms long-term accrued costs and deferred expenses in respect of in advance calculated costs and charged contributions for the pension and disability insurance of disabled persons in conformity with the Vocational Rehabilitation and Employment of Disabled Persons Act. The company draws these revenues for the actually formed costs for the improvement of working conditions of disabled persons.

The company also forms long-term accrued costs and deferred expenses in respect of the fixed assets assumed free of charge, in respect of the average costs of connecting and in respect of the part-financing contribution. These provisions are earmarked for the covering of depreciation costs. As a basis for use and transfer into revenues, the company on the basis of experience considers the annual depreciation rate for low voltage network of 3.33 %.

Provisions for jubilee awards and severance pay at retirement totalled 4,332,761 EUR on December 31st 2008 and were allocated as follows:

Flow of provisions for pensions and jubilee awards **in EUR**

	BALANCE AS OF JANUARY 1ST 2008	REDUCTION	INCREASE	BALANCE AS OF DECEMBER 31ST 2008
Provisions for jubilee awards	1,514,524	197,165	177,161	1,494,520
Provisions for severance pay at retirement	2,893,844	168,019	112,416	2,838,241
Total	**4,408,368**	**365,184**	**289,577**	**4,332,761**

The above-mentioned provisions were reduced by the company with regard to the actually paid out liabilities to employees. They were increased by the additional liabilities to employees as of December 31st 2008. The information was acquired on the basis of a calculation by an authorized actuary.

Long-term accrued costs and deferred expenses totalled 28,968,055 EUR as of December 31st 2008 and were formed in respect of fixed assets assumed free of charge and in respect of the average costs of connecting and part-financing. The stated long-term accrued costs and deferred expenses are drawn by the company to cover the depreciation costs with an annual depreciation rate of 3.33 %.

Flow of long-term accrued costs and deferred expenses **in EUR**

	BALANCE AS OF JANUARY 1ST 2008	REDUCTION	INCREASE	BALANCE AS OF DECEMBER 31ST 2008
Long-term deferred revenues in respect of HP assumed free of charge	12,394,815	541,049	1,382,587	13,236,353
Long-term deferred revenues in respect of fixed assets assumed free of charge	2,584,851	115,719	672,131	3,141,263
Long-term deferred revenues in respect of average costs of connecting	5,458,241	198,161	0	5,260,080
Long-term deferred revenues in respect of part-financing	3,693,721	141,063	213,815	3,766,473
Long-term deferred revenues in respect of average costs of connecting of SODO d. o. o.	1,141,118	71,574	2,266,835	3,336,379
Long-term deferred revenues in respect of assigned contributions for the disabled	152,994	28,872	103,385	227,507
Total	**25,425,740**	**1,096,438**	**4,638,753**	**28,968,055**

Long-term liabilities
(note 13)

Long-term debts are recognized liabilities with regard to the financing of assets that must be settled in a period longer than one year.

Long-term liabilities of all kinds are initially shown with amounts arising from appropriate documents, under the presumption that creditors demand their repayment. Liabilities later increase with attributed returns (interests, other compensations), for which an agreement with the creditor was reached. Liabilities are reduced by paid off amounts and possible other settlements following an agreement with the creditor.
In the balance sheet, long-term liabilities are presented according to their original value reduced by repayments and transfers to short-term debts.

Long-term operating and long-term financial liabilities are presented separately. Long-term liabilities expressed in a foreign currency are converted into the national currency according to the middle exchange rate of the Bank of Slovenia on the day of issue of the balance sheet.

The company assesses the fair value at least once a year at the preparation of the financial statements. In the event the accounting values are lower than the established fair values, the company carries out a mandatory increase for the difference. Impairment of long-term debts are not established and not shown.

The balance of long-term financial liabilities of the company as of December 31st 2008 totalled 16,312,604 EUR.

in EUR

	2008	2007
Financial liabilities to banks	21,652,966	11,506,163
Short-term part of financial liabilities to banks	-5,340,362	-2,993,197
Total	**16,312,604**	**8,512,966**

The increase of long-term financial liabilities to banks in 2008 is the consequence of a loan in the amount of 14,600,000 EUR.

Long-term financial liabilities include the long-term part of loans taken by the company for the financing of investments. The maturity of loans is 5 years and the interest rate revolves between 1 and 3-month EURIBOR increased for the bank's margin. All loans are insured with notes.

Short-term liabilities
(note 14)

Short-term liabilities are recognized liabilities that must be settled in a period shorter than one year.

Short-term liabilities of all kinds are initially shown with amounts arising from appropriate documents, under the presumption that creditors demand their repayment.

The accounting value of short-term debts is the same as their original value and changes only in the event of their increase or reduction, in conformity with an agreement with creditors. The company does not establish and does not show impairment of short-term liabilities.

The balance sheet presents short-term financial and short-term operating loans separately. Short-term liabilities expressed in a foreign currency are converted into the national currency according to the middle exchange rate of the Bank of Slovenia on the day of issue of the balance sheet.

The balance of **short-term financial liabilities** as of December 31st 2008 totals 5,926,569 EUR and includes the short-term part of long-term loans with banks, which become mature one year from the preparation of the balance sheet in the amount of 5,340,362 EUR, and liabilities for unpaid dividends from previous years in the amount of 586,207.25 EUR.

Liabilities for the unpaid dividends in the amount of 574,395.76 EUR arise from court ruling, which granted the lawsuit of a minority shareholder regarding the distribution of profit for the financial year 2006. The payment of dividends was carried out on February 2nd 2009 in conformity with the ruling of the court.

Short-term operating liabilities total 39,800,612 EUR and are 2.4 % higher in comparison to 2007.

in EUR

	2008	2007
Short-term operating liabilities to companies in the group	121,616	72,239
Short-term operating liabilities to suppliers	28,534,439	26,910,748
Short-term operating liabilities from operations for a third party	8,396,147	9,142,501
Short-term operating liabilities to employees	1,568,569	1,562,681
Short-term operating liabilities to national and other institutions	328,682	414,826
Short-term operating liabilities on the basis of advance payments	571,965	547,136
Other short-term operating liabilities	279,194	222,797
Total	**39,800,612**	**38,872,928**

Short-term operating liabilities to companies in the group represent liabilities for the purchase of electrical energy and have increased 68 % in comparison to 2007. The increase is the consequence of favourable hydrologic conditions and means higher production of electrical energy in company OVEN Elektro Maribor d. o. o.

Short-term operating liabilities to suppliers, which include above all liabilities for fixed and current assets and purchased electrical energy, amount 28,534,439 EUR and have increased 6 % in comparison to 2007. The increase is above all a consequence of higher liabilities to suppliers for current assets, by 1,179,436 EUR.

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Short-term operating liabilities from operations for a third party total 8,396,147 EUR and include the balance of outstanding liabilities to company SODO d. o. o. for the use of the network. The amount of average cost of connecting is also charged to company SODO d. o. o.

On December 31st 2008, the company shows a liability for the payment of a 13th salary to the president of the management board in the amount of 1,350 EUR and a liability for calculated labour costs in respect of unused annual leave in the amount of 461 EUR.

Short-term **operating liabilities on the basis of advance payments arise from received advance payments** for electrical energy and use of network in the amount of 427,987 EUR and for unperformed services in the amount of 25,441 EUR. Among the short-term operating liabilities on the basis of advance payments, the company also records assets kept back as a guarantee for good implementation of work by suppliers. The balance of these assets as of December 31st 2008 is 117,900 EUR.

Flow of short-term operating liabilities

in EUR

	BALANCE AS OF JANUARY 1ST 2008	REDUCTION	INCREASE	BALANCE AS OF DECEMBER 31ST 2008
Short-term operating liabilities to companies in the group	72,239	951,421	1,000,798	121,616
Short-term operating liabilities to suppliers	26,910,748	210,262,590	211,886,281	28,534,439
Short-term operating liabilities from operations for a third party	9,142,501	163,612,250	162,865,896	8,396,147
Short-term operating liabilities to employees	1,562,681	38,366,106	38,371,994	1,568,569
Short-term operating liabilities to national and other institutions	414,826	189,219,450	189,133,306	328,682
Short-term operating liabilities on the basis of advance payments	547,136	3,959,057	3,983,886	571,965
Other short-term operating liabilities	222,797	3,043,741	3,100,138	279,194
Total	**38,872,928**	**609,414,615**	**610,342,299**	**39,800,612**

Short-term accrued costs and deferred revenues
(note 15)

Short-term accrued costs and deferred revenues include in advance calculated costs (expenses) and short-term deferred revenues. Accrued costs and deferred revenues can only be used for items for which they were recognized at the beginning. Accrued costs and deferred revenues do no include any reserves.

The balance of short-term accrued costs and deferred revenues is 3,499,822 EUR as of December 31st 2008. Among short-term accrued costs and deferred revenues as of December 31st 2008, the company shows:

- included costs for the fine imposed by the Competition Protection Office in the amount of 2,561,720 EUR,
- included costs in respect of unused annual leave of employees in the amount of 589,662 EUR,
- included costs of subsidies for qualified producers of electrical energy, which the company has to transfer to company Borzen d. o. o., Technical support centre, in the amount of 311,840 EUR, following a decision of the Government of the Republic of Slovenia,
- included costs of services of internal auditing of receivables for 2008 in the amount of 11,600 EUR and included costs for the elabouration of the study in the amount of 25,000 EUR.

Off balance sheet assets/liabilities
(note16)

Off balance sheet record of assets and liabilities of the company consists of issues notes for receives loans, from received and issued guarantees and from amounts of small tools in use.

in EUR

	2008	2007
Derivatives for the insurance of payments-guarantees	2,392,410	3,721,011
Derivatives for the insurance of payments-notes	21,652,966	11,506,163
Receivables for issued bank guarantees	1,596,033	3,563,259
Potential liability for compensation	3,823,304	1,643,594
Small tools in use	1,061,618	1,021,019
Total	**30,526,331**	**21,455,046**

5.5.2 Explanations to the income statement

The income statement is a fundamental financial statement, which presents the success of company operations in the period from January 1st to December 31st 2008. It shows the company's revenues and expenses and its operating profit or loss in the financial year.

The company prepares the income statement in conformity with version 1, as defined by SAS 25.

Revenues are an increase of economic benefits in the accounting period in the form of increases of assets or reductions of debts, which influence the size of capital through the operating profit or loss. The increase can be measured reliably.

Revenues are recognized when it is justifiably expected that they will lead to incomes, if they were not realized already at the occurrence.

Expenses are recognized if the reduction of economic benefits in the accounting period is related to the reduction of assets or with the increase of debts and if this reduction can be measured reliably.

Attachment to the income statement **in EUR**

	2008	2007
Net sales	181,280,285	184,711,475
Capitalized own products and services	11,701,471	10,404,216
Production costs of goods sold	181,935,956	191,511,544
Gross operating profit/loss from sales	**11,045,800**	**3,604,145**
Sales expenses	2,610,215	2,383,363
Administrative expenses:	7,164,275	4,392,817
- normal costs of administrative expenses	3,992,480	3,514,718
- operating expenses from revaluation for intangible long-term and tangible fixed assets (7201, 7200)	49,815	51,550
- operating expenses from revaluation for current assets (7210,11)	3,121,980	826,549
Other operating revenues	1,688,889	3,736,542
Operating profit/loss	**2,960,199**	**564,509**

Operating revenues

Operating revenues include sales revenues, which represent the sale values of sold products, service and material in the accounting period, if it can be realistically anticipated that they will be paid. They are measured on the basis of sale prices stated in invoices and other documents reduced by discounts approved at sale and later also for the value of returned quantities and subsequently approved discounts.

Operating revenues from revaluation occur at the disposal of tangible fixed assets and intangible long-term assets and at the repayment of receivables, the correction of which was formed in the previous years.

Net sales revenues
(note 17)

Sales revenues are attained only on the national market.

in EUR

	2008	2007
Sale of electrical energy	132,056,308	126,931,213
Revenues from the use of network	0	33,343,211*
SODO d. o. o. services according to the contract	9,115,941	4,511,866**
SODO d. o. o. rent for infrastructure	33,289,512	15,104,943**
Charged services	6,439,603	4,409,181
Charged rents	322,937	332,654
Sale of waste material	55,984	78,407
Total	**181,280,285**	**184,711,475**

* till June 30th 2007
** from July 1st 2007

Revenues from the sale of electrical energy increased 4 % in 2008 in comparison to 2007. Higher revenues are a consequence of higher average sale prices of electrical energy.

With the establishment of company SODO d. o. o. on July 1st 2007 as the exclusive holder of the concession for the implementation of the public utility service of the electrical energy distribution system operator in the area of the Republic of Slovenia, company Elektro Maribor d. d. is no longer entitled to revenues from the use of network, which are shown only for the period from January 1st 2007 till June 30th 2007 for the year 2007. The above-mentioned changes in operations affected the presentation of costs of services respectively costs for the use of the network also after July 1st 2007. The company does not record these costs as of July 1st 2007, because this is a cost of SODO d. o. o. All the changes did not have a significant impact on the net operating profit/loss of the company.

On the basis of the Contract on the leasing of the electrical energy distribution infrastructure and implementation of services for the distribution system operator, the company created 42,405,453 EUR of revenues, of which 9,115,941 EUR from the performing of services, and 33,289,512 EUR from the charging of a rent for infrastructure.

Revenues from the sale of services, which increased 46 % in comparison to the same period of last year, were created through the sale of construction-assembly, design and other services to foreign customers.

Revenues from charged rents include revenues from rents for ownership apartments and other fixed assets.

Capitalized own products
(note 18)

in EUR

	2008	2007
Capitalized own products and services	11,701,471	10,404,216
Total	**11,701,471**	**10,404,216**

Capitalized own products and services are products produced by the company for its own needs and capitalized among tangible or intangible long-term assets. The company does not show profit in respect of these products.

Capitalized own products include revenues of investment activities on the company's own accord in the amount of 11,176,129 EUR and revenues of internal services in the amount of 525,342 EUR.

An increase in comparison to the same period last year is a consequence of more intensive investment activities.

Other operating revenues
(note 19)

Other operating revenues totalled 1,688,889 EUR in 2008. They refer above all to:

- revenues in respect of drawing of long-term accrued costs and deferred revenues in the amount of 1,137,475 EUR, and
- revenues from enforced receivables for electrical energy, use of network and performed services in the amount of 388,077 EUR.

Operating expenses

Operating expenses are recognized after costs are no longer contained in the value of inventory of products. In principle, they are the same as included costs in the accounting period. The purchase cost of sold goods and material is also included among operating expenses.

The operating expenses from revaluation are recognized after appropriate revaluation is carried out and they appear in relation to tangible fixed assets, intangible long-term assets and short-term assets due to their impairment.

Costs of goods, material and services
(note 20)

Costs of goods, material and services fell 6.4 % in comparison to 2007.

in EUR

	2008	2007
Purchase value of sold goods	0	7,945
Costs of material	136,285,303	136,890,679
Costs of services	8,765,934	18,153,025
- of which cost for the use of network	0	9,980,764*
Total	**145,051,237**	**155,051,649**

* until June 30th 2007

The most important **cost of material** is the cost of purchase of electrical energy in the amount of 124,193,830 EUR, which represents 91 % of overall costs of material. The costs of material for investments totalled 6,193,402 EUR, while the costs of material for performed services totalled 2,429,016 EUR.

Costs of services are with regard to the same period last year 52 % lower, which is a consequence of the costs for the use of network recorded last year, but which were not recorded in 2008, because this is the cost of company SODO d. o. o.

An important share in the **costs of services** are costs of services for current maintenance of fixed assets in the amount of 2,071,583 EUR, costs of insurance fees in the amount of 1,076,922 EUR, costs of information support in the amount of 1,814,394 EUR, costs of services for subsequent settlement in the amount of 967,260 EUR and costs of postal and telecommunication services in the amount of 822,573 EUR.

The company also recorded costs in the area of tax consulting in the amount of 4,510 EUR in 2008, while the costs for the auditing of operations totalled 16,748 EUR.

Labour costs
(note 21)

Labour costs increased 8 % in 2008 in comparison to 2007. The largest share among the labour costs are costs of salaries, to wit 70 %.

The increase of labour costs in 2008 was the result of included labour costs from the address of unused annual leave, which were recorded in the amount of 589,662 EUR in 2008 for the first time.

in EUR

	2008	2007
Costs of salaries	16,856,956	15,511,821
- of which included labour costs for unused annual leave	**589,662**	**0**
Costs of additional pension insurance for employees	848,158	771,279
Costs of employers contributions and other levies from salaries	2,999,102	3,086,987
Other labour costs	3,286,962	2,856,499
Total	**23,991,178**	**22,226,586**

Other labour costs in the amount of 3,286,962 EUR above all refer to:

- annual leave bonus in the amount of 1,188,670 EUR,
- cost of transport to work and nutrition in the amount of 1,860,510 EUR.

The average gross salary per employee in 2008 was 1,606 EUR, while it was 1,489 EUR in 2007, which represents a nominal increase of 7.8 %. The average gross monthly salary in the Republic of Slovenia was 1,391 EUR in the period from January to December 2008. In 2008, the average gross monthly salary per employee in the company was 15.4 % higher than the average gross monthly salary in the Republic of Slovenia.

Labour costs and costs of compensations to employees in 2008 in EUR

Paid out funds for gross salaries	**16,267,295**
- basic gross salary	12,820,950
- allowance for years of service	1,263,156
- allowance for less favourable work hours	626,275
- allowance for special work conditions	299,014
- allowance for performance	122,014
- Christmas allowance or 13th month payment	1,135,886
Reimbursement of expenses for business travels	**30,837**
Reimbursement of other expenses (bonus for nutrition, transport)	**1,860,510**
Voluntary additional pension insurance	**848,158**
Annual leave bonus	**1,188,700**
Included labour costs in respect of unused annual leave	**589,662**

Labour costs and costs of compensations to employees according to individual contracts in 2008 **in EUR**

EMPLOYEES WITH INDIVIDUAL CONTRACTS	
Paid out funds for gross salaries	**544,912**
Reimbursement of expenses for business travels	**4,259**
Reimbursement of other expenses (bonus for nutrition, transport)	**21,424**
Voluntary additional pension insurance	**22,995**
Annual leave bonus	**12,564**
Of which paid out funds for gross salaries of the management board	**82,142**
- basic gross salary	74,803
- allowance for years of service	7,339
- Christmas allowance or 13th month payment	0
Reimbursement of expenses for business travels	**1,263**
Reimbursement of other expenses (bonus for nutrition, transport)	**3,161**
Voluntary additional pension insurance	**2,533**
Annual leave bonus	**1,396**
Included labour costs in respect of unused annual leave	**461**
Of which paid out funds for gross salaries of other employees with individual contracts	**462,770**
- basic gross salary	405,677
- allowance for years of service	47,643
- Christmas allowance or 13th month payment	9,450
Reimbursement of expenses for business travels	**2,995**
Reimbursement of other expenses (bonus for nutrition, transport)	**18,263**
Voluntary additional pension insurance	**20,463**
Annual leave bonus	**11,168**
Included labour costs in respect of unused annual leave	**7,845**

Costs of the supervisory board along with levies totalled 48,650 EUR in 2008. The attendance fee totalled 858 EUR gross for the president of the supervisory board and 660 EUR gross for members of the supervisory board for the regular and extraordinary session of the supervisory board. The president of the supervisory board is entitled to an attendance fee of 686 EUR gross and members of the supervisory board are entitled to 528 EUR gross for a correspondence session. The attendance fees are harmonized with the Decision on the position regarding awards for members of supervisory boards of the Government of the Republic of Slovenia, which the Annual General Meeting confirmed on August 24th 2007.

The names of members of the supervisory board are stated in the introductory part of the annual report.

Member of the management board, members of the supervisory board and company employees with individual contracts did not receive any advance payments or loans from the company nor did the company guarantee for their liabilities.

Write-offs
(note 22)

in EUR

	2008	2007
Depreciation	18,208,218	17,930,983
Operating expenses from revaluation for intangible and tangible fixed assets	49,815	51,550
Operating expenses from revaluation for current assets	3,121,980	826,549
Total	**21,380,013**	**18,809,082**

With the depreciation of tangible fixed assets and intangible assets available for use, the values of funds for depreciation, meaning funds owned by the company and which have limited period of utility, are transferred to costs.

Depreciation is charged until the value, which forms the basis for the charging of depreciation, is replaced entirely. When the value, which forms the basis for the charging of depreciation, is replaced, depreciation is not charged any more, regardless of whether the fixed asset for depreciation is still used for the performing of activities.

The company classified all fixed assets into depreciation groups. The depreciation of tangible fixed assets and intangible long-term assets is charged from an individual asset.

Fixed assets under construction, land and art is not depreciated.

The company independently determines the annual depreciation rate with regard to the period of utility of an individual intangible and tangible fixed asset. The period of utility is defined by a special committee appointed by the management board.

In the charging of depreciation, the company applies the following periods of utility of assets:

	2008	2007
Plants and construction part of objects	20 - 50 years	20 - 50 years
Equipment	15 - 35 years	15 - 35 years
Motor vehicles	7 - 12 years	7 - 12 years
Other equipment	4 - 15 years	4 - 15 years
Computer equipment	3 years	3 years
Intangible fixed assets	3 years	3 years

The amount of write-offs in 2008 totalled 21,380,013 EUR and was 13 % higher in comparison to 2007.

Depreciation was charged on the straight-line basis in the amount of 18,208,218 EUR. It represents 9 % in the overall costs and expenses of the company.

The operating expenses from revaluation for intangible and tangible fixed assets refer to the not written off value of disposed fixed assets.

The operating expenses from revaluation for current assets increased 2,295,431 EUR in comparison to the sale period last year. The increase is the consequence of formed corrections of receivables of buyers of electrical energy for which there was justifiable doubt on payment. Larger buyers, for which there are doubts about payment, are:

- Paloma d. d., for which a correction of receivables in the amount of 1,469,198 EUR was formed,
- MTT tekstil d. o. o., for which a correction of receivables in the amount of 511,388 EUR was formed, and
- Mura d. d., for which a correction of receivables in the amount of 431,790 EUR was formed.

Other operating expenses
(note 23)

in EUR

Other operating expenses, of which	**1,288,018**	**2,200,407**
Provisions for pensions, jubilee awards and severance pay	289,577	1,620,286
Provisions for the covering of other liabilities from past operations of Borzen d. o. o.	311,840	0
Other levies and expenses (building land, taxes, judicial costs)	291,137	292,408
Other expenses	395,464	287,713

The company formed provisions for assets, which it will certainly have to pay to company Borzen d. o. o., following a decision of the Government of the Republic of Slovenia.

Financial revenues from equity interests
(note 24)

Financial revenues are revenues from investments. They appear in relation with long-term and short-term financial investments as well as in relation with receivables in the form of charged interests, stakes in profit and financial revenues from revaluation.

Financial revenues are recognized at settlement, regardless of incomes, if there is no reasonable doubt regarding their size, maturity and repayment. Interests are charged in proportion to the elapsed period and with regard to the unpaid part of the principle and valid interest rate.

in EUR

	2008	2007
Financial revenues from equity in associated companies	0	22,438
Financial revenues from equity in other companies	13,994	0
Total	**13,994**	**22,438**

Financial expenses from equities in other companies were attained with the sale of the share in SID bank – Slovene Export and Development Bank Inc., Ljubljana.

Financial revenues from loans
(note 25)

The company created revenues from the deposited surpluses of assets with business banks in the amount of 518,395 EUR in 2008.

in EUR

	2008	2007
Financial revenues from loans given to others	518,395	217,210
Total	**518,395**	**217,210**

Financial revenues from operating receivables
(note 26)

in EUR

	2008	2007
Financial revenues from operating receivables due by others	534,026	443,716
Total	**534,026**	**443,716**

Financial revenues from operating receivables due by others are realized in the amount of 534,026 EUR and refer above all to:

- revenues from interests on late payments for electrical energy in the amount of 418,731 EUR,
- revenues from interests on late payments for the use of network in the amount of 58,169 EUR, and
- revenues from interests on late payments for services and won lawsuits in the amount of 56,964 EUR.

Financial expenses arising from financial liabilities
(note 27)

Financial expenses are expenses from financial and expenses from operating liabilities. Financial expenses are recognized at settlement regardless of payments connected to them.

Financial expenses arising from loans show loan interests from long-term loans in the amount of 872,348 EUR and interests from short-term loans in the amount of 27,822 EUR.

in EUR

	2008	2007
Financial revenues arising from loans	900,170	404,668
Other financial revenues arising from other financial liabilities	401	4,146
Total	**900,571**	**408,814**

Financial expenses arising from operating liabilities
(note 28)

Financial expenses arising from operating liabilities show expenses for interests on late payments to suppliers and expenses from the revaluation of liabilities to employees due to the harmonization of liabilities for voluntary pension insurance.

in EUR

	2008	2007
Financial expenses arising from liabilities to suppliers	1,545	939
Financial expenses arising from other operating liabilities	740	2,948
Total	**2,285**	**3,887**

Other revenues
(note 29)

Other revenues consist of unusual items and other revenues that increase the operating profit.

in EUR

	2008	2007
Revenues from the repayment of unjustifiably charged building land	0	8,944
Other revenues	19,146	0
Enforced written-off receivables from previous years	2,195	2,955
Received fines and compensation	964,236	1,344,388
Other revenues	4,468	10,417
Total	**990,045**	**1,366,704**

Among other revenues are subsidized amounts of scholarships, which the company received from the public fund of the Republic of Slovenia in which total 17,769 EUR.

Received fines and compensation amount to 964,236 EUR and above all refer to received compensations from an insurance company in the amount of 963,648 EUR.

Other expenses
(note 30)

Other expenses consist of unusual items and other expenses that lower the operating profit.

in EUR

	2008	2007
Fines, penalties and compensation	2,619,119	49,385
Other expenses	31,233	826
Total	**2,650,352**	**50,211**

Other expenses are in comparison to the same period last year higher by the included amount of the fine, which the company has to pay in conformity with the decision of the Competition Protection Office of the Republic of Slovenia. The fine totals 2,561,720 EUR.

Other expenses in the amount of 31,233 EUR above all show amounts of paid compensations due to damaged caused on crops and agricultural land.

Net profit (or loss) from ordinary activities before tax
(note 31)

Net profit before tax totals 1,463,451 EUR.

Due to covering tax losses from previous years, the company does not show the liability for the corporate income tax.

in EUR

	2008	2007
Operating profit	2,960,199	564,509
Financing profit	163,559	269,766
Profit from other revenues and expenses	-1,660,307	1,316,493
TOTAL	**1,463,451**	**2,150,768**

The operating profit was 32 % lower in the period in question than in the same period last year and 16 % higher than planned for 2008.

If the company would revaluate capital with the growth of consumer prices (2.1 %) for 2008, it would show a net loss (without consideration of impact on the calculation of the corporate income tax) in the amount of 3,365,483 EUR.

in EUR

Item	Capital at the beginning of the year	% of growth	Calculated effect	Increase/reduction of capital during the year	% of growth	Calculated effect	Net operating profit before the calculation	Net operating profit after the calculation
CAPITAL-all categories, safe current profit	222,681,275	2,10	4,676,307	-1,579,255	0,7364	-11,630	1,463,451	-3,365,483

5.5.3 Explanations to the cash flow statement

Company Elektro Maribor d. d. prepares the cash flow statement in conformity with SAS 2006 according to the direct method (version I).

Cash flow from investing activities
(note 32)

The difference between revenues and expenses in operations was positive in the period in question and totals 21,668,237 EUR. The surplus of operating revenues is 49 % higher than in 2007 and 9 % higher than planned.

The largest share of operating revenues are revenues from the sale of electrical energy and the use of network (80 %), which increased 13 % in comparison to 2007.

Revenues from services, which represent 18 % of operating revenues, are 85 % higher than in the previous year as a consequence of establishment of SODO d. o. o. in the second half of 2007. A new category of revenues appears - revenues from rents and services according to the contract with SODO d. o. o. Revenues from rents and services for SODO d. o. o. totalled 48,862,450 EUR in 2008 and 19,198,759 EUR in the second half of 2007.

Operating expenses are 20 % higher in 2008 than in 2007 and 5 % higher than planned. Higher expenses are above all a consequence of higher purchase prices of electrical energy. Expenses for the purchase of electrical energy and sue of network represent 78 % of the structure of operating expenses.

Cash flows from investment activities
(note 33)

Revenues from the disposal of short-term financial investments represent the largest share of revenues from investment activities. These are short-term funds deposited with business banks. Due to the delay of realization of the plan of investments, we deposited the surpluses of cash on the short-term. With the attainment of relatively favourable interest rates, interest revenues totalled 455,642 EUR or 115 % more than in 2007.

Expenses from investment activities increased 1 % in comparison to 2007 and are 11 % below plans. Expenses for the acquisition of tangible fixed assets represent 61 % and expenses for the acquisition of short-term financial investments represent 36.6 % of expenses for investment activities. Expenses increased due to a higher volume of investments in comparison to the previous year.

Cash flows from financing activities
(note 34)

At the beginning of 2008, we took a short-term framework loan in the amount of 6,300,000 EUR with the purpose to increase liquidity. The loan was drawn and repaid several times, which is shown in the item revenues from the increase of short-term financial liabilities. The loan was repaid at the end of the year.

The company took a long-term loan in the amount of 14,600,000 EUR for a period of five years, with a variable interest rate EURIBOR plus margin, for the payment of liabilities related to investments.

For the repayment of short- and long-term loans, interest rates totalled 868,903 EUR or 134 % more than in 2007 and 47 % more than planned. Due to the high amount of the long-term loan, the expenses for the repayment of principals increased 130 % (4,453,199 EUR).

The company paid out dividends in the amount of 982,174 EUR in 2008.

The balance of long-term loans as of December 31st 2008 is 21,652,966 EUR.

FINANCIAL STATEMENTS

DEVELOPMENT

Construction of solar power plants

Efficient use of energy, reduction of emissions of greenhouse gases and increased use of renewable energy sources are the most important guidelines in energy police. Solar power plants represent one of the cleanest sources of production of electrical energy. The building of solar power plants will contribute to the reduction of emissions of greenhouse gases.

REPORTING BY ACTIVITY

REPORTING BY ACTIVITY

The balance sheet and the income statement were composed for individual activities under the following assumptions:

- the business events, for which it can be determined without a doubt to which activity they refer, are recorded with this activity already at the occurrence of the event;
- business events, which have a common character or cannot be defined appropriately at the time of recording, are recorded on the level of joint services;
- the balance of assets and liabilities as well as revenues, costs and expenses recorded on the level of joint services are divided among activities in conformity with the criteria defined in the Regulation on internal distribution relations of company Elektro Maribor d. d., which was confirmed by the Energy Agency of the Republic of Slovenia.

The sub-balance sheets are conditioned with the use of appropriate criteria and with their limited expressive strength.

Balance sheet by activity in EUR

ITEMS	EEDS	PAS	TOTAL
A. Long-term assets	**266,741,648**	**127,624**	**266,869,271**
I. Intangible fixed assets and long-term accrued costs and deferred expenses	**676,971**	**502**	**677,473**
1. Long-term property rights	676,971	502	677,473
II. Tangible assets (1 to 6)	**262,747,758**	**65,747**	**262,813,505**
1. Land and Construction works (a + b)	195,771,140	1,081	195,772,221
a. Land	7,429,622	4	7,429,626
b. Construction works	188,341,518	1,077	188,342,595
2. Production devices and machines	63,875,896	63,460	63,939,356
4. Tangible fixed assets in acquisition (a+b)	3,100,722	1,206	3,101,928
a. Tangible fixed assets under construction	3,100,722	1,206	3,101,928
III. Investment property	**765,910**	**191**	**766,101**
IV. Long-term investments	**2,500,226**	**60,227**	**2,560,453**
1. Long-term investments, without loans	2,500,226	60,227	2,560,453
a. Investments into shares and stakes in companies in the groups	1,649,274	42,693	1,691,967
b. Investments into shares and stakes of associated companies	616,526	12,704	629,230
c. Other long-term investments into shares and stakes	71,657	1,476	73,133
č. Other long-term financial investments	162,769	3,354	166,123
2. Long-term loans (a to c)	0	0	0
b. Long-term loans given to others	0	0	0
V. Long-term operating receivables (1 to 3)	**50,783**	**956**	**51,739**
2. Long-term operating receivables to customers	0	0	0
3. Long-term operating receivables to others	50,783	956	51,739
B. Short-term assets	**18,309,005**	**36,166,331**	**54,475,336**
II. Inventories (1 to 4)	**1,862,745**	**10,688**	**1,873,433**
1. Material	1,862,745	10,688	1,873,433
III. Short-term financial investments (1 to 2)	**529**	**1,116**	**1,645**
1. Short-term financial investments, without loans	0	0	0
c. Other short-term financial investments	0	0	0
2. Short-term loans (a to c)	529	1,116	1,645
b. Short-term loans given to others	529	1,116	1,645
IV. Short-term operating receivables (1 to 3)	**12,866,230**	**28,587,903**	**41,454,133**
1. Short-term operating receivables to companies in the group	409,709	2,494	412,203
2. Short-term operating receivables to customers	10,816,857	26,768,952	37,585,809
3. Short-term operating receivables to others	1,639,664	1,816,457	3,456,121
V. Cash	**3,579,501**	**7,566,624**	**11,146,125**
C. Short-term accrued revenues	**21,594**	**39,692**	**61,286**
ASSETS (A + B + C)	**285,072,246**	**36,333,647**	**321,405,893**
Off balance sheet assets	28,293,980	2,232,351	30,526,331

in EUR

ITEM	EEDS	PAS	TOTAL
A. Capital (I -VI)	**206,287,377**	**16,278,093**	**222,565,470**
I. Called up capital (1 to 2)	**130,698,067**	**9,075,443**	**139,773,510**
1. Share capital	130,698,067	9,075,443	139,773,510
II. Capital reserves	**70,243,969**	**4,877,617**	**75,121,586**
III. Revenue reserves (1 to 5)	**4,684,086**	**2,154,841**	**6,838,927**
1. Statutory reserves	621,259	252,912	874,171
5. Other revenue reserves	4,062,827	1,901,929	5,964,756
IV. Revaluation surplus	**116,535**	**3,018**	**119,553**
V. Net profit brought forward	**0**	**16,755**	**16,755**
1. Net profit from previous years brought forward	0	16,755	16,755
VI. Net profit from the business year	**544,720**	**150,419**	**695,139**
1. Surplus of net profit from the business year	544,720	150,419	695,139
B. Provisions and long-term accrued costs and deferred expenses (1 to 3)	**33,239,783**	**61,033**	**33,300,816**
1. Provisions for pensions and similar obligations	4,271,989	60,772	4,332,761
3. Long-term accrued costs and deferred expenses	28,967,794	261	28,968,055
C. Long-term liabilities (I to III)	**16,312,604**	**0**	**16,312,604**
I. Long-term financial liabilities (1 to 4)	16,312,604	0	16,312,604
2. Long-term financial liabilities to banks and companies	16,312,604	0	16,312,604
Č. Short-term liabilities (I to III)	**28,372,443**	**17,354,738**	**45,727,181**
II. Short-term financial liabilities (1 to 4)	5,340,362	586,207	5,926,569
2. Short-term financial liabilities to banks and companies	5,340,362	0	5,340,362
4. Other short-term financial liabilities	0	586,207	586,207
III. Short-term operating liabilities (1 to 8)	23,032,081	16,768,531	39,800,612
1. Short-term operating liabilities to companies in the group	0	121,616	121,616
2. Short-term operating liabilities to suppliers	13,045,577	15,488,862	28,534,439
4. Short-term operating liabilities from operations for a third party	8,396,147	0	8,396,147
5. Short-term operating liabilities to employees	1,525,416	43,153	1,568,569
6. Short-term operating liabilities to national and other institutions	-343,725	672,406	328,682
7. Short-term operating liabilities on the basis of advance payments	134,193	437,772	571,965
8. Other short-term operating liabilities	274,473	4,722	279,194
D. Accrued costs and deferred revenues	**860,039**	**2,639,783**	**3,499,822**
LIABILITIES TO SOURCES OF FUNDS (A + B + C + Č + D)	**285,072,246**	**36,333,647**	**321,405,893**
Off balance sheet liabilities	28,293,980	2,232,351	30,526,331

Income statement by activity **in EUR**

	ITEM	EEDS	PAS	TOTAL
1.	**Net sales revenues (a + b)**	**49,082,326**	**132,197,959**	**181,280,285**
	a. On the domestic market	49,082,326	132,197,959	181,280,285
3.	**Capitalized own products and own services**	**11,701,471**	**0**	**11,701,471**
4.	**Other operating revenues (with operating revenues from revaluation)**	**1,320,395**	**368,494**	**1,688,889**
5.	**Costs of goods, materials and services (a + b)**	**18,960,150**	**126,091,087**	**145,051,237**
	a. Cost of goods and materials sold and cost of materials used	11,927,791	124,357,512	136,285,303
	b. Costs of services	7,032,359	1,733,575	8,765,934
6.	**Labour costs (a + b + c + d)**	**22,597,007**	**1,394,171**	**23,991,178**
	a. Costs of wages	15,845,426	1,011,530	16,856,956
	b. Costs of additional pension insurance of employees	800,830	47,328	848,158
	c. Costs of employer's contributions and other charges	2,824,287	174,815	2,999,102
	d. Other labour costs	3,126,464	160,498	3,286,962
7.	**Write-offs (a + b + c)**	**18,806,820**	**2,573,193**	**21,380,013**
	a. . Depreciation	18,109,972	98,246	18,208,218
	b. Operating revenues for tangible and intangible fixed assets from revaluation	48,572	1,243	49,815
	c. Operating revenues for current assets from revaluation	648,276	2,473,704	3,121,980
8.	**Other operating expenses**	**1,164,496**	**123,522**	**1,288,018**
9.	**Financial revenues from equity interests (a+b+c+č)**	**11,279**	**2,715**	**13,994**
	c. Financial revenues from equity in other companies	11,279	2,715	13,994
10.	**Financial revenues from loans (a+b)**	**417,826**	**100,569**	**518,395**
	b. Financial revenues from loans given to others	417,826	100,569	518,395
11.	**Financial revenues from operating receivables (a + b)**	**109,651**	**424,375**	**534,026**
	b. Financial revenues from operating receivables due by others	109,651	424,375	534,026
13.	**Financial expenses arising from financial liabilities (a + b + c + č)**	**859,916**	**40,655**	**900,571**
	b. Financial expenses arising from loans	859,593	40,577	900,170
	č. Financial expenses arising from other financial liabilities	323	78	401
14.	**Financial expenses arising from operating liabilities (a + b + c)**	**2,008**	**277**	**2,285**
	b. Financial expenses arising from liabilities to suppliers and notes	1,280	265	1,545
	c. Financial expenses arising from other operating liabilities	728	12	740
15.	**Other revenues**	**980,430**	**9,615**	**990,045**
16.	**Other expenses (a + b)**	**86,201**	**2,564,151**	**2,650,352**
17.	**NET PROFIT (OR LOSS) FROM ORDINARY ACTIVITIES BEFORE TAX (1 + 2 +3 + 4 - 5 - 6 - 7 - 8 + 9 + 10 + 11 - 12 - 13 - 14 + 15 - 16)**	**1,146,780**	**316,671**	**1,463,451**
20.	**NET PROFIT (OR LOSS) FROM ORDINARY ACTIVITIES (1 + 2 +3 + 4 - 5 - 6 - 7 - 8 + 9 + 10 + 11 - 12 - 13 - 14 + 15 - 16 - 17 - 18 + 19)**	**1,146,780**	**316,671**	**1,463,451**

Costs by functional groups by activities

PRODUCTION COSTS — in EUR

	EEDS	PAS	PRODUCTION COSTS
Costs of material	11,849,057	124,217,938	136,066,995
Costs of services	6,456,318	33,056	6,489,374
Depreciation	18,109,972	43,455	18,153,427
Labour costs	20,295,155	0	20,295,155
Other costs	903,184	27,821	931,005
Total	**57,613,686**	**124,322,270**	**181,935,956**

COSTS OF SALE — in EUR

	EEDS	PAS	COSTS OF SALE
Costs of material	0	120,623	120,623
Costs of services	0	1,561,869	1,561,869
Depreciation	0	54,791	54,791
Labour costs	0	840,127	840,127
Other costs	0	32,805	32,805
Total	**0**	**2,610,215**	**2,610,215**

COSTS OF THE MANAGEMENT BOARD — in EUR

	EEDS	PAS	COSTS OF THE MANAGEMENT BOARD
Costs of material	78,734	18,951	97,685
Costs of services	576,041	138,650	714,691
Depreciation	0		0
Labour costs	2,301,852	554,044	2,855,896
Other costs	261,312	62,896	324,208
Total	**3,217,939**	**774,541**	**3,992,480**

TOTAL — in EUR

	EEDS	PAS	TOTAL COSTS
Costs of material	11,927,791	124,357,512	136,285,303
Costs of services	7,032,359	1,733,575	8,765,934
Depreciation	18,109,972	98,246	18,208,218
Labour costs	22,597,007	1,394,171	23,991,178
Other costs	1,164,496	123,522	1,288,018
Total	**60,831,625**	**127,707,026**	**188,538,651**

REPORTING BY ACTIVITY

SATISFACTION

Festival Lent

We have been supporting Festival Lent, which marks the social events in Maribor and above all contributes to the visibility of Maribor and Slovenia, for a number of years. One of the largest festivals in Europe starts in the summer. More than 400 events take place within the framework of the festival in Maribor during 14 days. This multi-cultural festival already received several awards from the international festival association IFEA, which unites more than 2,500 festivals from all over the world.

CONTACTS WITH THE COMPANY ELEKTRO MARIBOR D. D.

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Elektro Maribor d. d.
Vetrinjska ulica 2, 2000 Maribor

Phone: (02) 22 00 000
Fax: (02) 25 22 241 and (02) 22 00 108
Web page: http://www.elektro-maribor.si
e-mail: info@elektro-maribor.si
Registration number: 5231698
Tax number: 46419853
Transaction account: SI56 0451 5000 0570 965

Company management

President of the management board: Stanislav Vojsk, phone: (02) 22 00 110
Manager of the Financial and economic Sector: Andreja Zelenič Marinič, MSci, phone: (02) 22 00 220
Manager of the Distribution Sector: Marjan Zorman, phone: (02) 22 00 120
Manager of the Sector for Purchase and Sales of electrical energy: Bojan Horvat, phone: (02) 22 00 670
Manager of the Service Sector: Božidar Govedič, phone: (02) 22 00 450
Manager of the Development Sector: Zvonko Mezga, phone: (02) 22 00 130
Manager of the Sector for professional services: Bogomil Jelenc, phone: (02) 22 00 250
Management Board Counsellor: Stanislav Toplak, phone: (02) 22 00 160
Management Board Counsellor: Tatjana Vogrinec Burgar, phone: (02) 22 00 280

Regional units

OE MARIBOR Z OKOLICO
Vodovodna 2,Phone.: (02) 22 00 300, Fax: (02) 33 26 905
Head of OE: Mladen Žmavcar

OE ELEKTRO SLOVENSKA BISTRICA
Kolodvorska 21a, Phone: (02) 22 00 500, Fax: (02) 81 81 246
Head of OE: Jože Ferlič

OE ELEKTRO GORNJA RADGONA
Lackova 4, Phone: (02) 22 00 800, Fax: (02) 56 11 456
Head of OE: Ivan Štrakl

OE ELEKTRO MURSKA SOBOTA
Lendavska 31, Phone: (02) 22 00 700, Fax: (02) 52 31 443
Head of OE: Jože Turkl

OE ELEKTRO PTUJ
Ormoška c. 26a, Phone: (02) 22 00 600 Fax: (02) 77 60 901
Head of OE: Franc Šmigoc

Service units

SE ELEKTRO GRADNJE LJUTOMER
Ulica Rada Pušenjaka 5, Phone:(02) 22 00 850, Fax: (02) 58 21 492
Head of SE: Andrej Sraka

SE GRADNJE IN REMONT MARIBOR
Veselova 6, Phone.: (02) 22 00 451, Fax: (02) 42 01 369
Head of SE: Marjan Kampl

DICTIONARY OF ABBREVIATIONS

AMR	Automatic/Remote Meter Reading
CRM	Customer Relationship Management
DMC	Distribution management centre
EEDS	Electrical energy distribution system
SFC	Supply to franchise customers
OPL	Overhead power line
EU	European Union
EURIBOR	Euro Interbank Offered Rate
PUS	Public utility service
IS	Income statement
ISO	International Organization for Standardization
PAS	Purchase and sale
LV	Low voltage
RU	Regional unit
OHSAS	Occupational Health and Safety Advisory Services
FA	Fixed assets
RES	Renewable energy sources
AE	Accrued expense
DEDNS	Development of the electrical energy distribution network of Slovenia
RS	Republic of Slovenia
DTS	Distribution transformer substation
SAIDI	System Average Interruption Duration Index
SAIFI	System Average Interruption Frequency Index
SU	Service unit
SIST	Slovenian Institute for Standardization
MV	Medium voltage
SODO	Electricity distribution system operator
SAS	Slovenian Accounting Standards
TS	Transformer substation
CPO	Competition Protection Office of the Republic of Slovenia
HV	High voltage
ZGD	Companies Act

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